GREAT DEBATES IN AMERICAN HISTORY

From the Debates in the British Parliament on the Colonial Stamp Act (1764-1765) to the Debates in Congress at the Close of the Taft Administration (1912-1913)

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From the Debates in the British Parliament on the Colonial Stamp Act (1764-1765) to the Debates in Congress at the Close of the Taft Administration (1912-1913)

edited by

Marion Mills Miller

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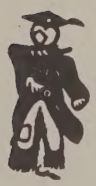

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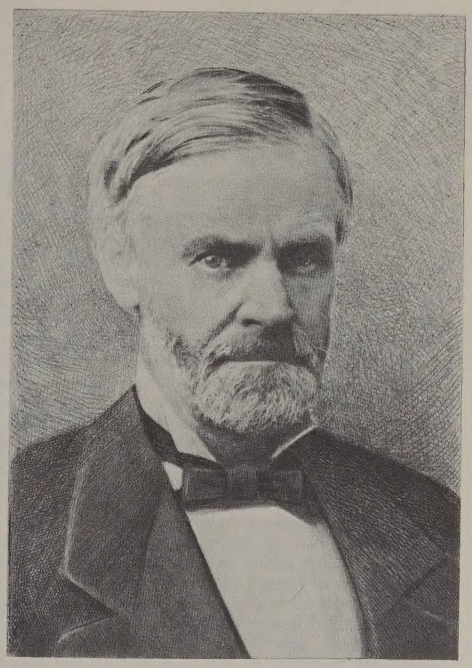

John Sherman

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EDITED BY

MARION MILLS MILLER, LITT.D. (PRINCETON)

Editor of "The Life and Works of Abraham Lincoln," etc.

IN FOURTEEN VOLUMES

EACH DEALING WITH A SPECIFIC SUBJECT, AND CONTAINING A SPECIAL INTRODUCTION BY A DISTINGUISHED AMERICAN STATESMAN OR PUBLICIST

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INTRODUCTION

Control of Trusts by Commission[1]

MONOPOLY has never been recognized in this country by common law or by statute law, neither has it ever been so recognized in England. However, coöperation in industry, both by combination and by contracts, has been recognized by the laws of both countries. The distinction is fundamental. In England in the Middle Ages both common and statute laws were very stringent against combinations and contracts in restraint of trade. But Parliament, more than sixty years ago, wiped out all these statutes against such combinations and contracts, provided they were not monopolies, contrary to public policy, or immoral.

In this country in colonial days the laws were very strict against combinations and contracts in restraint of trade. But here also there was a gradual amelioration of the laws, until coöperation was permitted along many lines, including division of territory, limitation of output, and even fixing of prices; provided always that as a result of the coöperation the combinations or contracts did not result in monopoly, were not general, were not immoral, or were not contrary to public policy.

Thus we see that the law in regard to combinations and contracts in restraint of trade went through a similar revolution both in this country and in England, and that the laws finally became very liberal. In other countries also the laws in regard to coöperation are liberal. By gradual development the principle has been reached,

[1] Adapted from an address delivered before the Economic Club of New York, November 1, 1912.

for most civilized nations, that freedom in trade means freedom to combine as well as freedom to compete. This was the situation in this country when, in 1890, the Sherman law was enacted, and immediately the wheels of industry, so far as combination was concerned, were turned back to the condition of the Middle Ages. All combinations and contracts in restraint of trade were prohibited, and this applied to the latter even if limited in extent or confined in time. This national legislation led to an influenza of similar legislation in the States, and within a few years more than thirty of them had passed statutes against combinations and contracts in restraint of trade, many even more drastic than the Sherman law.

The question now arises, What were the results of these statutes? The Sherman act contained two separate provisions, one prohibiting every contract and combination in the form of trust or otherwise in restraint of trade as illegal; another declaring that monopoly or attempt to monopolize is also illegal.

By the public it was supposed that "every contract and combination in restraint of trade" meant what the words said, and that Congress in using these words meant to pass a new and drastic law replacing the common law; indeed, the earlier decisions of the Supreme Court took this point of view, and held that the reasonableness or unreasonableness of a contract or combination was immaterial. However, in the Standard Oil and Tobacco cases the court took an entirely new attitude, and stated that only restraint of trade which was undue was meant to be covered by the law (although the word "undue" is nowhere in the act), that the restraint meant was that which was not permitted under the common law, and therefore that only those contracts or combinations were prohibited by the law which were unreasonably in restraint of trade.[1]

[1] The Standard Oil Company of New Jersey, et al., *vs.* The United States, Appeal from the Circuit Court of the United States for the Eastern District of Missouri, May 15, 1911. U. S. Reports, Vol. 221, p. 1.
American Tobacco Company The United States. Appeal from the Circuit Court of the United States for the Southern District of New York, May 29, 1911. U. S. Reports, Vol. 221, p. 106.

Why was this change in front made? It is a fair conclusion that the investigations of the Supreme Court led them to the view that, if the Sherman act were enforced in accordance with its terms, prohibiting all contracts and combinations in restraint of trade, this would create an impossible situation. Therefore they inserted the words "undue" or "unreasonable" into the law, so as to make it, as nearly as possible, accord with the common law, which existed before the act was passed; and thus they started a second cycle of development by common law. One cycle of evolution in regard to this matter had been sufficient in Germany, England, and other countries. America is the only civilized nation which must go through this development twice.

While these recent decisions of the Court do not go far enough, they clearly point the way to a ground intermediate between the alternatives commonly supposed to be before us: "regulation of monopoly or regulation of competition," and this is: freedom of competition, prohibition of monopoly, permission to coöperate, and regulation of coöperation. If it can be assumed that the alternatives as stated contain all of the possible solutions it is easy to reach a conclusion. We must not have monopoly, and therefore we are driven to the other conclusion: regulation of competition; but since the assumption is fallacious the conclusion has no foundation.

Now what is the situation with which we are confronted? The Sherman law and the State anti-trust laws are upon the statute books. We have gone through one stage of development and have made the first step in the second stage, and now it is proposed to neutralize the decision of the Court by defining "reasonable" so that it shall mean prohibition of all contracts and combinations in restraint of trade, and thus succeed in getting statute law back to where Senator Sherman and the people thought they had got it thirty years ago through the enactment by Congress of the Sherman act. This would be the beginning of a third cycle of development.

This solution of the problem of combination makes me think of the philosopher, Harold Udgardin, by name, an Eskimo, who lives up on Hudson Bay. Harold has

one trap now set in the same place where it has been for twenty years, and he continues to trim it; he has not yet caught a fox in it, but he will not consider changing its location, as it is a good place, he reasons, and ought to catch a fox.

Notwithstanding that the trap of the Sherman act has never caught a fox for twenty years, and only smells in one or two places of a tail or a leg, it is proposed to strengthen its "springs" and sharpen its "teeth" with the expectation that it will then catch a sufficient number of foxes to become the solution of the great fundamental problem of concentration of industry.

In regard to the Sherman act, it has been assumed that its only violators are the great combinations. This assumption is made in practically all discussions of the question. The Steel Trust, the Tobacco Trust, and a few other large combinations are mentioned; and it is supposed that the small business men and the small producers are not acting in violation of the law. But the principle of coöperation which the Sherman act tries to suppress extends from the great industrial centers like New York to the country crossroads. Does it make any difference here in New York whether you buy coal or ice or any standard article of one company or another? Of course not. It doesn't make any difference in the country crossroads either. The principle is the same for the large and small men: one is violating the law just as certainly as the other. I am willing to stand for enforcement of law when the law is enforced alike for all; but when one man is picked out because he is in the front seat, or because it is good politics to attack him, and ninety-nine or nine hundred and ninety-nine others are allowed to escape, I say that it is a profoundly immoral situation. And that is exactly the existing situation in this country. The politician who cries "Break up these trusts; destroy them," says with the very same breath, "We must have coöperation among the farmers."

The cranberry growers of Cape Cod, New Jersey, and Wisconsin sell about 90 per cent. of their products through an agency down here in Hudson street. Have we heard of the Attorney-General prosecuting these

farmers? There would be a great and shrill cry if that were done, and there would be many votes lacking to the Administration when it came to election.

In this country we have not a special situation which concerns a few men, but a general, irresistible impulse. It is all very well to ask, "Has the time come when a few rich men shall defy the law?" but Edmund Burke said more than a century ago, "I do not know the method of drawing up an indictment against a whole people." And that is the situation which we have in this nation as regards combination. There is just as copper-riveted an arrangement between the three icemen in the village, or the cranberry growers, as there is in steel or tobacco; and any just solution of the problem of combination must be applied not only to the steel and tobacco magnates but also to the small tradesmen and the farmer.

The Attorney-General of the United States[1] says that if we can only break up each of the great combinations into six, or eight, or ten parts, these different parts will compete; that the tendency to competition under such circumstances is irresistible. But the tendency for cooperation in this twentieth century is so much stronger than the tendency for competition that we shall never restore the latter in the old sense. There will be competition between different classes of goods; there will be competition between the great mail order houses and the village grocer; there will be competition in service. I am just as anxious as anyone to have trade regulated by competition as far as possible; but, as a matter of fact, competition has failed hopelessly in this country adequately to control prices or to control quality, and we all know it.

We have recognized the failure of competition to secure quality, by the establishment of the pure food laws. Why should we have pure food laws if competition will give us good quality? If articles are fraudulently sold so important to the general welfare as foods, there is a remedy in the courts. If a thing is sold me as pure strained honey, which is wholly innocent of having any

[1] George W. Wickersham in the *Century Magazine*, Vol. LXXXIII, No. 4, p. 619.

relation whatever with a bee, I have been fraudulently dealt with and I have a remedy in law. Why don't I take my case to the courts? Because the loss is so small that it is impracticable for the individual thus to obtain redress. Finally recognizing the fact that competition is wholly inadequate to secure pure food, national and State laws have been enacted, and special officers have been designated upon whom is imposed the duty of protecting the public. When we confessed that competition did not regulate quality, and imposed the duty of protecting the public upon administrative officers, we succeeded in getting pure food, or a reasonable proportion of pure food at least, and never until then.

Now, why is it that competition to regulate prices has broken down? Because of the simply enormous advantages which come with coöperation. We agree that the nation will not return to the country grist mill. But this does not settle the question regarding the magnitude that is permissible. It is asserted that a great many of the large industrial organizations have exceeded the magnitude which gives the highest efficiency. I may assert upon the other hand that very few of them have gone beyond the stage which gives increased efficiency. Neither party can prove his case. He hasn't the facts necessary to do so.

While for iron and steel it has been proved that a hundred million-dollar combination is economically more efficient than a ten million-dollar combination, it has not been proved that a thousand million-dollar combination is more efficient than a hundred million-dollar combination, since no investigation has been made to determine this point. The question is one for scientific investigation, and it is to be hoped that the National Bureau of Corporations will do the work. Similar investigations should be made for other lines of industry, so that we may have a scientific foundation upon which to decide how far we shall permit magnitude.

That magnitude alone, or even a control of fifty per cent. of the business done in an industry, is not proof of inefficiency is shown by conditions in foreign countries. The German steel combine has control of a larger per-

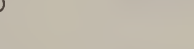
centage of the iron product of Germany than the United States Steel Corporation has for the United States. The German steel combine gives greater freedom to the individual plant than do the combinations in this country: it is a federation rather than a consolidation. The same thing would have been true here had it not been for the Sherman act. Men who build up a business dislike to surrender its management to someone else. Affiliation of the different companies in the same business was developing in this country in the same way as in England and Germany, on the principle of coöperation. Then the trust was declared to be unlawful, and so arose the holding corporation: and now, again driven by law, the holding corporation is passing to the complete merger. Each step was to escape the last decision of the court, because of the irresistible tendency for coöperation. Germany and England are vastly more fortunate than we are in this respect.

One other force which has led to general coöperation in industry is the waste of competition in its relation to our natural resources. We have some five thousand bituminous coal operators who, from the mines, could produce perhaps 200,000,000 tons of coal per annum more than the present market demands. In consequence these men, unable to coöperate except in violation of law, are competing, with the inevitable result of very wasteful mining. Indeed, more wasteful mining of coal is going on in this country than in any other civilized nation. It is appalling, the amount of the coal that is left underground through existing methods of exploitation. If these five thousand operators were allowed to agree upon limitation of output and division of market, it would be possible to reduce these frightful wastes, which will be disastrous to our industry a few centuries hence.

It has been proposed that the concentrations in industry should be so divided that no one corporation shall have more than fifty per cent. of any business. It makes little difference, from the point of view of coöperation, whether the great combinations are dissolved so that no one combination has more than fifty per cent. or thirty per cent. of a line of business; or so that there are

ten with ten per cent., or twenty with five per cent. The demonstration of this lies in the fact already cited, that thousands of farmers may coöperate in marketing their products just as perfectly as do the five great manufacturers of steel. This they do in various parts of the country for fruit, for cotton, and for other products. Some of the State legislatures were bright enough to appreciate this situation, and in order to prevent the farmers from being hit by their anti-trust bills they exempted agricultural products so long as these were in the hands of the producers. This was true for Texas, Louisiana, Illinois, and South Dakota. But naturally the United States courts declared these features unconstitutional as being special legislation and not giving equal protection under the laws. Therefore I believe we shall ultimately permit coöperation. If, however, we retain freedom of competition, permit concentration sufficient to give efficiency, allow reasonable coöperation, and prevent monopoly, this will require regulation just as it has been necessary to regulate the railroads. This done, the Sherman law will be forgotten. It is now on the way toward oblivion. Has there been any prosecution of the railroads for violations of the Sherman act because of collusion in fixing rates? And yet these companies are just as flagrant violators of the Sherman act as any other class of corporations. Why is it that nobody proposes to indict the railroads for collusion? Simply for the reason that the rates which they can charge are controlled by commissions, national and State. Nobody has any longer any wish to make them any further trouble, because the public is protected by its commissions. That is the sum of the whole matter. However, it is a wrong condition when we have on the statute books a law of a kind which requires Justice to close one eye and pass by the men in control of one great group of industry and at the same moment, with the other eye, see other men not one whit more guilty. We ought to remedy the condition so that honorable business men shall not be in the unfortunate position of being technical violators of statutes which it is not advantageous, from the public point of view, to enforce.

The substance of my proposed remedy is that there be an interstate trade commission and State trade commissions, which shall have substantially the same powers to regulate coöperation in industry that the Interstate Commerce Commission and the State commerce commissions have in regard to the public utilities. It seems to me that the appointment of these commerce commissions and the administrative bodies for the pure food laws points the way for the next constructive step in the development of the laws regulating industry. It would perhaps be chimerical, with public opinion as at present, to propose the repeal of the Sherman act, but by amendments to this act the situation may be met. The Sherman act, by the Supreme Court, can be left to apply, as defined, to monopoly. Unreasonable restraint of trade may be defined as monopolistic restraint of trade, and it is rather generally agreed that monopoly should be prohibited. To make the matter perfectly clear another amendment should allow reasonable coöperation, but such coöperation should be under the watchful eyes of administrative commissions in order to protect the public. They should exercise powers under broad, simple rules of law, and detailed regulations should be formulated by the commissions. Unfair practices should be prohibited—and by unfair practices we mean what was meant by immoral practices in the common law. But the most vital point of the law would be this: that when the individual is wronged through unreasonable prices or rebates or other discrimination it becomes the duty of a public commission to handle his case. The aggrieved individual should not be obliged to carry his case through the machinery of the courts; he should make complaint to an administrative commission, and it should become the duty of that commission, representing the public, and him as a part of the public, to secure redress. This, while the greatest, is but one of the many advantages which may be gained through the establishment of trade commissions, national and State.



CHAPTER I

The Sherman Anti-Trust Law

John Sherman [O.] Introduces in Senate Bill against Trusts—Debate: In Favor, Sen. Sherman, Zebulon B. Vance [N. C.]; Opposed, James Z. George [Miss.], George G. Vest [Mo.], William M. Stewart [Nev.], John T. Morgan [Ala.]; Amendments by John H. Reagan [Tex.], Sen. George, George F. Hoar [Mass.], John J. Ingalls [Kan.], Are Adopted, and Amendment Offered by Richard Coke [Tex.] Is Tabled; Bill Is Committed; New Bill Is Reported; It Is Adopted by Both Houses, and Approved by President Harrison.

ON December 4, 1889, John Sherman [O.] introduced in the Senate a bill to declare unlawful trusts and combinations in restraint of trade and production. It was referred to the Committee on Finance, of which Senator Sherman was chairman. The committee reported the bill on January 14, 1890. It came up for discussion in the Committee of the Whole on February 27.

Sherman Anti-Trust Bill

Senate, February 27, 1890

The bill was read. It was as follows:

Be it enacted, etc., That all arrangements, contracts, agreements, trusts, or combinations between persons or corporations made with a view or which tend to prevent full and free competition in the importation, transportation, or sale of articles imported into the United States, or in the production, manufacture, or sale of articles of domestic growth or production, or domestic raw material that competes with any similar article upon which a duty is levied by the United States, or which shall be transported from one State or Territory to another, and all arrangements, contracts, agreements, trusts, or com-

binations between persons or corporations designed or which tend to advance the cost to the consumer of any such articles are hereby declared to be against public policy, unlawful, and void.

Sec. 2. That any person or corporation injured or damnified by such arrangement, contract, agreement, trust, or combination may sue for and recover, in any court of the United States of competent jurisdiction, of any person or corporation a party to a combination described in the first section of this act, the full consideration or sum paid by him for any goods, wares, and merchandise included or advanced in price by said combination.

Sec. 3. That all persons entering into any such arrangement, contract, agreement, trust, or combination described in section 1 of this act, either on his own account or as agent or attorney for another, or as an officer, agent, or stockholder of any corporation, or as a trustee, committee, or in any capacity whatever, shall be guilty of a high misdemeanor, and on conviction thereof in any district or circuit court of the United States shall be subject to a fine of not more than $10,000 or to imprisonment in the penitentiary for a term of not more than five years, or to both such fine and imprisonment, in the discretion of the court. And it shall be the duty of the district attorney of the United States of the district in which such persons reside to institute the proper proceedings to enforce the provisions of this act.

James Z. George [Miss.] spoke in opposition to the bill.

He questioned the constitutionality of the bill and its efficiency if it were constitutional. He discussed first the inefficiency of the bill.

It is somewhat obscure; in some parts ambiguous. It is a criminal and penal statute. Its second section provides for the recovery of a penalty. Its third and last section provides for an indictment and punishment of offenders for crimes defined in the first.

In considering such a bill Congress must necessarily determine with care what will be its meaning and effect in the courts. This is essential to prevent a result which would be both absurd and highly prejudicial, to wit, that Congress means one thing in passing the bill and the courts in enforcing it shall give it another and different meaning.

Being a penal statute, and nothing else, it will be construed strictly in favor of alleged violators. Nothing will be brought within it which is outside of its plain words. Enlargement by construction will not be allowed.

I proceed now to the analysis of the bill to see what it provides for, what it prohibits, what it punishes, and what it permits as lawful.

In the first place, it must be noted that the bill deals only with agreements, arrangements, and combinations. It denounces and punishes these when made with a certain intent, but it neither punishes nor affects in the least any act done in pursuance of these combinations. It punishes a conspiracy with intent to do certain things, but treats these things when done as perfectly lawful, as harmless, even meritorious.

The making of the combination with the prohibited intent is the *corpus delicti*,[1] the criminal act denounced by the statute. The crime, in the main, is complete and perfect when this agreement is made. The bill makes no difference, except in one case, whether acts are afterward done in pursuance of the agreement or not. If no such act be done, still the making or entering into the agreement is criminal and punishable. If such act be done, it is neither punishable in itself, nor does it aggravate in any way the criminality of the combination. It is not a case (and this must be borne in mind) where the original agreement is one of a series of acts, all of which are necessary to be done in order to constitute the crime. But the entering into the agreement or combination (for these words cover the whole of the words descriptive of the crime as used in the bill) is *per se* the crime and the whole of it.

The first thing which attracts our attention, therefore, is that if the agreement or combination, which is the crime, be made outside of the jurisdiction of the United States it is also without the terms of the law and cannot be punished in the United States. Mark that. Then if these conspirators are foreigners and remain at home, or, being citizens, shall cross our borders and enter into any foreign territory and there make the combination or agreement, they escape the criminal part of this law; and proceedings carrying out the combination may be carried on with impunity in the United States. The raising of prices and the prevention of free and full competition may all take place in the United States, and yet no crime has been committed.

That this is a serious and not a mere fanciful and hypo-

[1] "The body of the crime."

thetical objection is manifest. For it is certain, if the bill become a law, all combinations and agreements involving large amounts and therefore seriously affecting the welfare of the people of the United States will be made outside of the jurisdiction of the United States. Canada and Mexico are near neighbors, and the former will certainly become the locality in which these agreements will be made, as it has become the refuge of embezzlers at this day. The law will therefore operate only on little sinners, little men, combining with reference to interests so small as not to justify the expense and trouble of a visit to Canada or Mexico in order to make the agreement or combination. So that the bill is a sham so far as the real criminals are concerned, the men whose wealth enables them to fleece and rob the people.

But suppose, what I think, however, is highly improbable, some of these great combinations should be made in the United States. Will the case be any better for the people in whose interests we profess to legislate? The combination must, under the bill, be made "with the intention to prevent full and free competition in the importation, transportation, or sale of articles imported into the United States."

Here we have serious ambiguity and doubt, and it is impossible to say with certainty what the bill means. The word "imported," which describes the article about which the agreement is to be made, is in the past tense, and means, grammatically, articles already imported, and shows that the agreement must be in reference to articles which have then at the time of making the agreement been imported; yet in the same sentence we have denounced an agreement to prevent full and free competition in the importation of the articles described, and this necessarily means that the agreement shall precede the final act of importation. For it is certain that an agreement made after the act of importation is complete cannot have any effect on that past and completed transaction. It is not in the power of man to change or affect the past. What has occurred is not a matter in action; it is only a matter of history.

So that we have this contradictory enactment contained in the same sentence, that the agreement denounced by the bill shall precede importation, and that it shall also come after importation.

There is only one other conceivable meaning, and that is the phrase "agreements, etc., made with intention to prevent full and free competition in the importation, transportation, or sale of articles imported into the United States," means, with

reference to importation, that the agreement must precede the act of importation, and, with reference to "transportation and sale," this agreement refers to those acts done after importation. With this meaning, if we are allowed to conjecture it in a criminal statute, the bill would be plainly unconstitutional. It would then include transportation and sale generally, there being no words to limit them. Transportation and sale generally are not within the jurisdiction of Congress, but only transportation and sale in interstate and foreign commerce. It is an undeniable rule of constitutional law that where the language of a statute embraces matters within and without the constitutional power of Congress the whole of it is unconstitutional.

But, if we were allowed to do this in this case, the result would be to demonstrate in the clearest manner the utter worthlessness of the bill as a remedy for the evils which afflict our country. For in this view we would have the prohibited agreement so far as importation is concerned preceding that event. As importation is the result of a transportation of goods from a foreign country, the agreement in relation to it would generally be made there, and would always be made there if such agreements were prohibited and punishable by law here. And as to the transportation and sales here, they would take place or could be made to take place after the articles imported ceased to be imports in the constitutional sense of the term or after the original package in which they were imported had been broken. An agreement made with reference to them in that connection would be beyond the jurisdiction of Congress.

There is another trouble—a very serious obstacle—in enforcing the bill as a law. The agreement or combination must be made with a certain specified intent. A combination or arrangement between two or more in relation to the business mentioned in the bill is altogether an innocent and lawful transaction, unless it be made with the intent named in the bill. The unlawful intent therefore is the gist of the offence. Without this intent the act is lawful, even meritorious. With it, the act is unlawful and criminal.

In such cases it is settled law that the specific intent which constitutes the crime must be proven on the trial to exist as is stated in the statute. A lawful act, made unlawful when done with a specific intent mentioned in the statute, remains still lawful, so far as that statute is concerned, if not done with that specific intent, though it may have been done with some other intent, which may be recognized in morals and even in law as equally objectionable as the specific intent named in the statute.

In all such cases the specific intent named in the statute must not only exist, but must on the trial be proven to exist beyond a reasonable doubt or the party indicted must be acquitted; the proof of a different intent, though it be also unlawful, will not do. So that, under the first branch of the statute relating to imported goods, it must be proven that the intention was to prevent competition in the transportation, when it is not purely internal and domestic, or in the sale of the article while it was still an import in the constitutional sense; that is, before it has been sold by the importer or before the original package in which it is imported has been broken. If the combination relates to sales to be made by others than the importers or even by the importers themselves after the original package is broken, then it is with different intention from the one included in the statute, and with an intention that can not be constitutionally included in it and therefore there can be no conviction under the statute.

So that all the benefits of this bill, so far as preventing increased price coming from combinations to prevent free competition in the sale of imported goods, come to naught if the parties making the combinations will only make them with the intent to operate on sales taking place after they have ceased to be imports by either having been sold by the importer, or he, still being owner, has broken the package in which they were imported. Of course, if the bill becomes a law, the combinations and arrangements will be made outside of it, when that can be so easily done.

I pass now to the second branch of the bill: combinations and arrangements "with intention to prevent full and free competition in the production, manufacture, or sale of articles of domestic growth or production or domestic raw material" that competes with any similar article upon which a duty is levied by the United States, intended for and which shall be transported in interstate commerce for sale.

This is a most remarkable provision, possibly unparalleled in penal legislation.

To constitute the crime under this part of the bill there must be combined three intents, entirely distinct, two of them not unlawful, and one act which may be done by a third party in no wise connected with the party who is made criminal. This act of such third party is not only not criminal, but is even meritorious and the subject of encouragement by law. That is, a crime is by statute compounded of three intents, two of them lawful, and of the separate and independent and sub-

sequent lawful act of another, all of these concurring to constitute the crime.

To convict a party indicted under this clause of the bill, it must be proved beyond a reasonable doubt—

First. That he entered into the combination or arrangement named with another, or others, with the specific intent to prevent the full and free competition in the production, manufacture, or sale of domestic articles which compete with dutiable foreign goods;

Second. That these domestic articles must be intended for transportation in interstate commerce for sale; and

Third. That these goods have been so transported for sale.

Suppose the United States succeeds in proving the unlawful combination or arrangement to permit full and free competition. This alone will not do, as under the first branch of the bill something further must be proven. It must be further shown that the articles in relation to which the combination was made do actually compete with the dutiable foreign article. The language is that the domestic article "competes" with the foreign article, not that it may compete or has the tendency to compete. There must be actual competition. If we may, as this bill does, apply the action indicated by the verb "to compete" to inanimate and insensible subjects, as articles of merchandise, we can do it only in the sense that the separate owners of these articles are maintaining a contest, seeking and striving for the same thing; that is, each is striving to sell his own article, as against the other, in the same market and to the same set of customers or buyers.

This actual competition in the sense above named must be proven as stated. The statute is a penal one and must not only be strictly construed in favor of the alleged violator, but the acts constituting the crime must be proven beyond reasonable doubt. It must be shown, then, that the domestic article, in the language of the bill, "competes" with the foreign article; that this competition must be actual, a real, substantive fact actually transpiring and capable of observation, not a mere potentiality or possibility or even probability of competition. This it will be impossible to prove unless both articles should be actually in a particular market, as New York, and their owners are seeking and striving against each other to sell them. If the foreign article be absent and not offered in the market, there is no competition. If the domestic article be absent there is no competition, for in neither case can it be said the domestic article, in the language of the statute, "competes"

with the other. And it makes no difference what may cause the absence of the foreign article, except that such absence shall not be caused by the combination. For if the foreign owner will not on any account bring or send his goods to our markets, there can be nothing here which competes with them. And so if the foreign goods be excluded by a law of the United States denouncing them as unlawful objects of commerce, for then they can not be brought here at all.

Is not the same thing true if their entrance into our ports be excluded by the imposition of a duty so high that it is prohibitory? In either case it is prohibition of competition, complete and effectual. In the one case the prohibition is absolute and *eo nomine;*[1] in the other it is equally effectual, though prohibition is not expressly and by that name enacted. In both cases there is no actual competition, nor does the *casus* named in the bill, that the domestic articles "compete" with the foreign article, arise.

So it appears that in a large majority of instances under our protective tariff, enacted expressly, as the friends of it claim, to prevent full and free competition between foreign and domestic goods, this bill, if enacted, will furnish no remedy. It will be a sham and nothing more.

But suppose the difficulty is surmounted and the actual competition is proven beyond a reasonable doubt, then it must also be proven that the domestic goods or raw materials were intended by the parties to the combination for transportation from one State or Territory to another for sale.

The intention to transport for sale must be the intention of the parties to the combination and the party on trial. However we may make one man responsible for the open and overt acts of another, I believe it has never been contended that we could make one man liable for the secret and uncommunicated intention and thoughts of another. So it must be proven that the combination was made not only with the intent to prevent full and free competition between the goods produced under it and the foreign article, but that the intent was that the goods produced should be transported from State to State for sale. These intents must coexist at the making of the arrangement in the minds of the parties to it. If either is wanting there can be no crime under this bill.

Parties, therefore, entering into these combinations after this bill becomes a law will of course make them according to law. It will be presumed that they did so conform to law

[1] "In that name."

unless the contrary is proven. Seeing, then, when the bill passes, that it is not unlawful to make combinations and arrangements in the production, manufacture, and sale of goods, with intent to prevent the competition denounced by the bill, unless is shown the further intent that these goods shall be transported for sale from one State to another, they will limit the intention to selling them or exchanging them in the State in which they are produced. They will refuse to sell except at their doors. They will agree to make and produce goods to sell to whosoever will there at that very place and in that State buy them. Calling to mind the rule of law that when the specific intent is the gist of the crime it must exist and be proven to exist, specifically as stated in the statute, we see that no crime is established.

That a part of the goods produced may and actually does go into interstate commerce will not do to prove the specific intent mentioned in the bill, for that would only prove that the intent of the combination was to produce goods which parties to whom they were sold and over whom the combination had no control might or might not put into interstate commerce as circumstances of trade might afterward indicate as most profitable. This is a very different intent from the specific intent named in the statute, the intent solely to transport in interstate commerce.

But, Mr. President, if this trouble should be removed, it must also be shown that the goods produced were actually so transported, and that, too, with another specific intent, namely, for sale.

It is not stated in the statute who shall entertain this last intent, whether the persons making the combination, or of any person to whom they may have sold the goods, or the consignor on the transportation, or the consignee in the State in which the transportation ends. But though doubtful we must assume that the intent of sale was the intent of the party on trial, for one man can not be punished for the secret and uncommunicated intent of another.

But if this obstacle, insurmountable as it appears to be, should be found in fact removable, then we will find that the statute will nevertheless be a worthless remedy against the evils arising from these combinations. For, as the transportation must be for sale, and not for anything else, it must be negatived in the proof that it was for exchange or for consumption.

But up to this point, if all the proof be made as required, there must be proven a superadded or fourth intention; that is,

it shall be the intent of the parties to the combination to advance the cost of the articles described to the consumer. The intent to advance the price to the wholesale or retail dealer alone will not do; it must be to advance it to the consumer. This leaves unpunished and perfectly lawful all these combinations, which have proven so disastrous, that have for their object a decrease in the price to be given to the producer, and also those speculative movements, now so common, by which there shall be a temporary advance in the market, to last till a day not far off, when there shall be a settlement.

These arrangements, combinations, or corners, or whatever else they may be called, are made wholly for speculative purposes—intended alone to squeeze those who are "short," as the saying is. It is true they do, as an incident, sometimes affect, while they last, the price paid by the consumer, but that is not the intent, the specific intent with which they are formed, and they are, therefore, not embraced in the statute. Nor are such combinations made in reference to articles intended for interstate transportation and sale, for such speculations are made wholly without expectation of a delivery of the articles, and settlements are made by merely paying the price on the day agreed upon.

Mr. President, up to this point I have been considering the bill in its aspect as a punisher of crime. But there is a section which gives the injured party a civil action to recover a penalty; that is, double damages. If we suppose that such a suit would ever be brought, an event almost certain not to occur, the plaintiff would encounter all the difficulties of a criminal prosecution, with one single exception. That exception is that he would not be compelled to make out his case beyond a reasonable doubt. He would, however, be compelled to prove every fact shown to be necessary in the criminal proceeding by clear evidence to the satisfaction of the court and jury. He would not be allowed to rely on mere conjecture or supposition, but he must establish his case affirmatively so as to satisfy the court and jury that all the facts and all the intents existed which I have shown to be necessary in the criminal prosecution. That this would be impossible is seen from what I have stated, and is also shown more clearly even by what follows.

The right of action against the persons in the combination is given to the party damnified. Who is this party injured, when, as prescribed in the bill, there has been an advance in the price by combination? The answer is found in the bill itself in the words, "intended to advance the cost to the con-

sumer of any such articles." The consumer is the party "damnified or injured."

This is the express provision of the bill, as I think is clear from the last clause of the first section. But, even if it were not the express language of the bill, it so results as a logical necessity. An advance in price to the middleman is not mentioned in the bill, for the obvious reason that no such advance would damnify him; it would rather be a benefit, as it would increase the value of the goods he has on hand. He buys to sell again. He buys only for profit on a subsequent sale. So whatever he pays he receives when he sells, together with a profit on his investment, and so of all of them, including the last, who sells directly to the consumer. The consumer, therefore, paying all the increased price advanced by the middlemen and profits on the same, is the party necessarily damnified or injured.

Who are the consumers? The people of the United States as individuals; whatever each individual consumes, or his family, marks the amount of his interest in the price advanced by the combination. It is manifest that in nearly every instance the damage by the advanced price of each article affected by these combinations would be—though in the aggregate large, indeed—so small as not to justify the expense and trouble of a suit in a distant court.

I do not hesitate to say that few, if any, of such suits will ever be instituted, and not one will ever be successful.

Mr. President, I have proven this bill to be worthless even if it be constitutional. These trusts and combinations are great wrongs to the people. They have invaded many of the most important branches of business. They operate with a double-edged sword. They increase beyond reason the cost of the necessaries of life and business and they decrease the cost of the raw material, the farm products of the country. They regulate prices at their will, depress the price of what they buy, and increase the price of what they sell. They gather to themselves great, enormous wealth by extortion which makes the people poor. Then making this extorted wealth the means of further extortion from their unfortunate victims, the people of the United States, they pursue unmolested, unrestrained by law, their ceaseless round of peculation under the law, till they are fast producing that condition in our people in which the great mass of them are the servitors of those who have this aggregated wealth at their command.

The people see this and they are restless and discontented.

THE TRUST GIANT
Cartoon by Homer Davenport in the Hearst papers

The farmers especially have been the victims of this and other policies which have brought them to the verge of ruin. Debts and mortgages accumulate. The home, the farm, the workshop, are becoming the properties by encumbrances of lordly creditors, who, by methods encouraged and fostered by law in some instances and permitted by law in others, have extorted their ill-gotten gains from the poor and then used the money thus obtained to complete the ruin of the people. The people ask us for redress. They plead for security against these wrongs. What is offered them is this bill, which, even if it be constitutional, is, as I have shown it to be, utterly worthless. It will aggravate rather than diminish the evils.

Mr. President, I do not charge the committee with bad faith in the presentation of this bill. I have faith in the fairness and justice of their intentions. The truth is, sir, the committee, by its methods, undertook to accomplish the impossible. They have undertaken to compound from reserved and granted powers a valid bill, and the result is the incongruities I have pointed out, that curious commingling of inconsistent and inefficient provisions which has produced this abortion. There is one power in the Constitution which would have been efficient if it had been resorted to. It is the power to levy taxes, duties, imports, etc. The author of this bill at one time concurred in the opinion that this was the only power in Congress on the subject which would be efficient. Speaking of legislation to suppress trusts, on August 14, 1888, Mr. Sherman said:

> Whether such legislation can be ingrafted in our peculiar system by the national authority there is some doubt. If it can be done at all it must be done upon a tariff bill or revenue bill. I do not see in what other way it can be done.

That, sir, is exactly my position. There is no other way under the Constitution.

And to show what he meant by legislation on a tariff bill the same great Senator, on January 2, 1888, commenting on a passage in President Cleveland's message recommending lower duties to prevent trusts, said:

> Where such combinations to prevent a reduction of price by fair competition exist I agree that they may, and ought to, be met by a reduction of duty.

But that distinguished Senator and the great Committee on Finance who have produced this bill believe in high duties, in

protective duties, in even prohibitive duties. They are wedded to the conviction that the home market is the best market, and that the American manufacturer is entitled to this American market as against the world. They are unwilling to give up this theory. Notwithstanding they see "that combinations to prevent a reduction of price by fair competition do exist," and that a fair and effectual "way to meet them is by a reduction of duty," they can not make up their minds to do this. So, contrary to the views expressed, as above quoted, by Mr. Sherman, they have sought another power in the Constitution to suppress trusts. But they have sought in vain, as Mr. Sherman said they would. They seek to make two inconsistent, even repellant, things coexist and harmonize, to wit: a high protective tariff, which shuts out foreign competition, and the vain prohibition that the protected parties shall not avail themselves of the advantage thus given them. They throw the coveted sop to the hungry and greedy Cerberus and then say to the dog, "You shall not eat it."

The attempt to do this must fail. Success is impossible. You can no more make moral contradictory laws coalesce and work in harmony than you can construct a system dependent on contradictory physical and mathematical laws. The power of Congress is impotent to reconcile and harmonize truth and error. It is powerless also to make truth error or to make error truth. We can not enact that the three angles of a triangle shall be more or less than two right angles. We can not repeal the law of gravity. We can not enact that vice shall be virtue, that falsehood shall be truth. We can not change human nature. We can not by our tariff laws administer to and stimulate the greed of men, and then, without removing the stimulant, enact successfully, as is attempted by this bill, that this greed shall be generosity and self-abnegation. By our tariff laws we hold out to the owners of the protected industries the offer of 47 per cent. advance in price. We tell them they are entitled to it; that it is right and just. By this bill we say to them, you must not take the offer.

Of course, Mr. President, a bill framed with these utterly contradictory and irreconcilable ends will be inefficient, the miserable sham I have shown this to be.

Mr. President, I now proceed to show that the bill is utterly unconstitutional.

This task is an easy one, since the principles applicable to this examination have again and again been settled by the Supreme Court. I warn Senators now that no attempt will

be made to show the bill unconstitutional upon that narrow and strict theory of State rights which they may suppose is entertained by the Southern people and by them only. In all I shall say on this subject I shall plant my argument on an exposition of the Constitution made by the tribunal which the Constitution itself appoints to perform that duty.

The power to enact the bill is claimed in the bill itself under the commercial clause of the Constitution: the power "to regulate commerce with foreign nations and among the States."

A statute enacted under this grant must be the exercise of a power of regulation, a regulation of commerce, either foreign or interstate. It must be this and nothing else.

The transactions which take place before this interstate or foreign commerce begins and the transactions occurring after it ends, though they be strictly commercial, do not constitute interstate or foreign commerce nor any part of it. They are only domestic commerce in the State in which they take place, and are beyond the power of Congress to regulate. They belong exclusively to the State in which they originate and are consummated. The power of Congress commences with the initiation of interstate or foreign commerce and ceases with its termination. The regulation, therefore, must be of things done, transactions taking place, after this initial point and before the point of termination. The acts which constitute interstate or foreign commerce embrace purchase, sale, exchange, barter, transportation, and intercourse for the purpose of trade in all its forms. (See Welborn *vs.* Missouri, 91 U. S. R., and Mobile *vs.* Kimball, 102 U. S. R., 702.) Of these acts this bill specifies and claims jurisdiction over importation (purchase and transportation combined), transportation, and sale of imported articles. This jurisdiction relates to foreign commerce. So far as interstate commerce is concerned, the bill specifies transportation for sale only.

But, Mr. President, among these commercial acts are not manufactures or any other kind of production, nor sales, nor transportation purely within a State or wholly outside the territorial jurisdiction of the United States? The bill proceeds on the idea that as to interstate commerce the jurisdiction of Congress extends to the regulation of the production and manufacture of articles taking place in a State, if only it be intended that, after such manufacture or production shall be complete, all or a portion of the articles shall become subjects of interstate commerce, and shall in fact be transported as such.

This basis of the bill is expressly confuted by the decisions I shall quote.

The Supreme Court, in 1852, in Veazie *vs.* Moor, 14 How. R., speaking of the commercial clause of the Constitution, says it can not "be properly concluded that because the products of domestic enterprise in agriculture or manufactures or in the arts may ultimately become the subjects of foreign" (or interstate) "commerce, the control of the means or the encouragements by which enterprise is fostered and protected is legitimately within the import of the phrase 'foreign commerce,' or fairly implied in any investiture of the power to regulate such commerce. A pretension so far reaching as this would extend to contracts between citizen and citizen of the same State; would control the pursuits of the planter, the grazier, the manufacturer, the mechanic, the immense operations of the collieries and mines and furnaces of the country, for there is not one of these vocations the results of which may not become the subject of foreign" (interstate) "commerce."

The court further condemns the position that Congress has jurisdiction over a commerce "which . . . is unquestionably internal, although intermediately or ultimately it might become foreign."

This case was very recently (in 1880) confirmed by the Supreme Court in Lord *vs.* Steamship Company, 102 U. S.

This case expressly condemns that provision in the bill which seeks for jurisdiction in Congress over production and sales in a State merely upon the ground that the articles so produced or so sold might be afterwards transported in interstate commerce. There are other cases to the same effect.

But the bill places the power of Congress on such subsequent transportation, combined with an intention existing in the mind of the parties to these arrangements or trusts, at the time of production and manufacture, that the articles should be so transported.

That the conjoining of this intent in the production with the subsequent transportation does not help the case for the validity of the bill I now proceed to show.

Production of all kinds, manufactures of all kinds, as we have seen, are subject to the jurisdiction and power of the State in which they are carried on. Whatever regulations, therefore, may be made for carrying on these must be made by State authority. The methods of these operations of industry and art are exclusively for the States to regulate.

What is lawful by the State regulation can not be made

unlawful by the United States. The bill concedes this, for it professes not to undertake to condemn these operations as carried on under State authority. So far as this bill goes, these manufactures and productions are perfectly lawful, even when made with the intent of subsequent interstate transportation. Nor is interstate commerce in them interdicted or even regulated in any manner or to the smallest extent.

The question is, Can Congress, in the exercise of the power to regulate commerce among the States, make a law—prescribe a regulation—which punishes the intent with which an article is produced in a State and then permit it to be a lawful subject of interstate commerce, with no regulation whatever of that commerce in that article? That is exactly what this bill undertakes to do, neither more nor less. The result is that there is no regulation of interstate commerce, but there is a regulation of something else. That something is the domestic and internal production and business of a State. The power to do this will not be contended for.

Mr. President, if it be conceded that the punishment of an intent with which goods are produced, and which, when produced, are lawful subjects of interstate commerce, exactly as all other goods are, is a regulation of commerce, and not of production merely, still the bill is unconstitutional. This results from the fact that the acts and the intent with which they are associated, and which are punished by the bill, are not the carrying on of interstate commerce, but precede the commencement of that commerce, and therefore are not subject to the jurisdiction of Congress.

I now, therefore, proceed to inquire when goods intended for interstate commerce become subject to the jurisdiction of Congress. The answer to that is furnished by well considered decisions of the Supreme Court.

In Coe *vs.* Errol (116 United States) the articles of commerce were logs cut in the State of New Hampshire for transportation by floating on the Androscoggin River to Lewiston, in the State of Maine. So in that case the production of the article, the cutting of the logs, was with the intent to transport them to another State. But the logs were not only cut with this intent, but they were actually transported to the river with the intent to transport them as soon as the water should rise. They had gone through the initial domestic transportation necessary to enable them to be started on the final journey from New Hampshire to Maine. In that condition they were taxed by New Hampshire. If they were the subjects of

interstate commerce, if the jurisdiction of New Hampshire had ceased and the power of the United States had commenced, the tax was unconstitutional.

The decision is that when the article of commerce has begun to move—not begun to be produced with an intent to move—from one State to another, then at that time interstate commerce in that commodity has first commenced.

That case, Mr. President, would seem to settle this question forever.

The case of Coe *vs.* Errol was confirmed in the late case of Kidd *vs.* Pearson (128 U. S. R., page 1), decided in 1888.

In that case the attempt was made to bring the production of goods in a State within the jurisdiction of the commercial clause of the Constitution, because they were manufactured with the intent to export them in interstate commerce. The court, after alluding to the right of the State to regulate the manufacture of an article of commerce as being settled beyond dispute, say:

> Is this right overthrown by the fact that the manufacturer intends to export the liquors when made? Does the statute, in omitting to except from its operations the manufacture of intoxicating liquor within the limits of the State for export, constitute an unauthorized interference with the power given to Congress to regulate commerce?
>
> These questions are well answered in the language of this court in the License Tax cases (5 Wallace, 462, 470). Over this commerce and trade (the internal commerce and domestic trade of the States) Congress has no power of regulation or control. This power belongs exclusively to the State.
>
> The manufacture of intoxicating liquors in a State is none the less a business within that State because the manufacturer intends, at his convenience, to export such liquors to foreign countries or to other States.
>
> This court has already decided that the fact that an article was manufactured for export to another State does not of itself make it an article of interstate commerce within the meaning of Section 8, Article I, of the Constitution, and that the intent of the manufacturer does not determine the time when the article or product passes from the control of the State and belongs to commerce.

There is but one remaining point in this part of the bill—referring to domestic production with the intent named—which may be considered as pointing to a fact giving Congress jurisdiction. The point is embraced in the language which describes the goods as competing with dutiable goods imported into the United States.

The question on this point is, Has Congress jurisdiction, under the power to regulate commerce, to regulate the manufacture, production, and sale in purely internal State commerce

of goods because they compete with dutiable goods imported into the United States? An answer is found in the proposition that if the power exists as to production, to regulate by prescribing the rule laid down in this bill as to full and free competition, it may prescribe any other regulation. There is nothing in the prevention of full and free competitions in the manufacture and production of goods which of itself would give Congress jurisdiction as to goods competing with dutiable goods which would not authorize Congress to make any other regulation they might deem wise in such production of such goods.

If competition with dutiable goods gives jurisdiction for one regulation, it gives it for all regulations deemed wise by Congress. It results, therefore, that, if such competition be a ground of Federal jurisdiction, then Congress can assume or acquire the jurisdiction over the manufacture and production of all goods whatever manufactured and produced in any State by simply levying a duty on the competing foreign articles, and in this way would the whole internal business of the State be brought within the jurisdiction of Congress to regulate and control as Congress might deem proper. The two facts, dutiable foreign goods and competing domestic goods, coexisting, would, in this view, give Congress full jurisdiction as to the manufacture and sale of the latter. As the power of Congress is unlimited as to the selection of articles on which duties are to be levied, so by the exercise of this power its jurisdiction over domestic production and manufactures would be unlimited, and nothing would remain to the States of their ancient and undoubted jurisdiction over their internal business.

This *reductio ad absurdum* is a sufficient answer. But there is another answer as full and complete by direct argument. It is that the power of Congress is simply a power to regulate interstate and foreign commerce; that is, a power to prescribe rules for carrying on this commerce where it exists and as it is being actually carried on as between States and between the United States and foreign countries. This statute prescribes no rule for carrying on this commerce. On the contrary it prescribes a rule for carrying on something else; that is, for carrying on the business of manufacturing and producing domestic articles within the limits of a State and the sale of them even in the State of their origin.

I come now, Mr. President, to consider the power of Congress as proposed to be exerted in this bill in its first clause in relation to imports.

This clause makes it criminal to enter into a combination

or arrangement "with intent to prevent full and free competition in the importation, transportation, or sale of articles imported into the United States."

This is, to say the least of it, a singular provision. It is difficult to extract the meaning of the draughtsman.

Evidently as to "importation" preventing full and free competition in the importing of goods, the combination must precede the act of importation; otherwise it could not affect the importation. A combination to affect importation could not by any human power change or alter that which has already transpired, an act of importation already complete. So, if the bill be not absurd and impracticable on its face, we must make the unlawful agreement precede the act of importation. What, then, are we to do with the other words of the sentence, "transportation or sale of articles imported into the United States"? "Imported" means an act of importation already taken place. Note that the phrase "articles imported" means articles already imported. If it does not mean this, but is to be construed as if written "articles which shall be imported," then the agreement condemned must not only precede importation, but must precede the transportation and sale, which must also precede importation.

Then we have a provision which makes criminal an agreement to prevent competition in the transportation or sale of an article produced in a foreign country by whomsoever made and wheresoever made, and as to the time of the making indefinite and unlimited, except only that it shall precede the transportation and sale affected by it, which transportation and sale may have taken place anywhere on the face of the globe and at any time within the lives of the parties to the agreement. Of course a statute of that sort, embracing within its provisions transactions wholly without the territorial jurisdiction of Congress, can not stand. It will not help it that it may also embrace transactions within the jurisdiction of Congress, for in such a case, as I will show hereafter, the courts can not restrict the plain meaning of the words used, by running a line which Congress itself would not run, excluding the unconstitutional part and giving the statute operation and effect on those transactions which might fall within congressional power.

There is only one other conjectural meaning of this language, and that is that as to transportation and sale of the imported articles the meaning is: that the transportation and sale of the articles shall be after they are imported. This would confine the acts of transportation and sale to the United States—a

place at least in which Congress has some jurisdiction. But here again we encounter the difficulty above alluded to, that the language embraces too much, embraces transactions within the power of Congress and transactions beyond or outside of this power. It embraces both interstate and domestic transportation; that is, transportation generally. Besides, the words "articles imported" are not the same as, nor equivalent in meaning to, the word "imports" in its constitutional sense. Articles once imported from a foreign country, always, as long as they remain in the United States, wherever situated and in whosesoever hands they may be and in whatsoever condition, as to being in the original package or not, continue to be "imported articles." That is, they are articles not of domestic production, but foreign articles which have been imported into the United States.

But "imports" in a constitutional sense are imported articles in the hands of the importer and in the original package. When they are sold to another or the package is broken, though there be no sale, then they cease to be "imports" in the constitutional sense; they cease to be within the jurisdiction of Congress to regulate and control, and become subject to State jurisdiction exclusively. They might be regulated as to interstate transportation, but, as we have seen, this is not provided for, but only transportation generally.

Senator George here cited on this point Brown *vs.* Maryland, reported in 12 Wheat. R., 419; License Cases, 5 Howard R., on pages 575 and 592, and Woodruff *vs.* Parham, 8 Wall.; Hinson *vs.* Lott, *ib.*

Mr. President, tested by these principles all that part of the bill that relates to these combinations in reference to the importation, transportation, and sale of goods imported into the United States must be unconstitutional, unless we restrict the plain meaning of the general language employed in the bill and confine it to transportation and sale of goods imported while they still remain imports; that is, to sale or transportation of the goods while they remain in the hands of the importer and also in the original bale or package in which they were imported. If we so restrict the meaning of the bill, it is utterly worthless, for the agreement may be made to relate only to the transportation of the goods after they have been sold by the importer, or being still owned by him after he has put them

in a different bale or package from the one in which they were imported.

How worthless such a provision would be to suppress trusts is so evident as to need no comment. So of the sales of such articles. The combination need only relate to such sales by a purchaser from the importer, or even by the importer himself if he will only take the trouble to sell them in bales and packages made and put up after importation, to be wholly without the restraint of this bill. How near these transactions when they are beyond the jurisdiction of Congress may come to the act of importation is shown by the decision of the Supreme Court in Waring *vs.* Mayor (8 Wall. R., 110). In that case it was held that a purchaser of goods in transit from a foreign country to the United States and while at sea was not an importer if the agreement was that they should be at the risk of the seller till delivery. This purchaser not being an importer, the goods even in his hands and in the original packages after delivery remained no longer a part of the foreign commerce and subject to the jurisdiction of the United States.

But, Mr. President, we are not allowed to so restrict the language of the bill in this provision nor in the others which I have pointed out. (See United States *vs.* Reese, 92 U. S. R., 214, and Trade-mark cases, 100 U. S. R., page 82.)

This settles the unconstitutionality of the whole bill. That there are some things included in the general words of the bill which, if separately stated and disconnected from the great mass of the provisions of the bill, Congress can constitutionally enact is admitted. But they are not so separated, and, if they were, they are utterly without efficacy in remedying the great evil of these trusts and combinations, as has been shown.

But, Mr. President, there is another ground upon which the bill is clearly unconstitutional.

The bill is a proposition for the enactment of a penal or criminal statute. It does nothing but inflict penalties, either by civil or criminal procedure.

There are but few express powers granted by the Constitution for the enactment of criminal laws. They relate to punishing the counterfeiting of the coin and the securities of the United States and piracies and felonies on the high seas and offences against the law of nations. These are all the express powers for enacting criminal and penal legislation by Congress found in the Constitution.

Every other exercise of the power must be as an incident to some express power. In the language of the Constitution

it must "be necessary and proper for carrying into execution" an expressly granted power. Congress must first determine to execute an express power before it can consider the propriety and necessity of assuming the incidental power. If the express power is found, that does not authorize Congress to exercise a power which might of itself be necessary and proper to the execution of that express power, if in fact there be no attempt to exercise the express power. The express power in this case is the power to regulate commerce among the States and with foreign nations.

Is there such a regulation in the bill? This question is easily answered. Recurring to what has been said—that regulation is prescribing a rule for doing the acts which constitute this commerce—we look in vain to the provisions of this bill to find such a regulation or rule.

Bearing in mind, Mr. President, that interstate commerce begins—so far as Federal jurisdiction over it comes from property, and not from the citizenship of the parties—with the beginning of transportation and ends with its completion, and that foreign commerce ends with the breaking of the original package or with a sale by the importer; that neither embraces production, manufacturing, or fitting articles for this commerce, with intent that they should be so afterwards employed, but that both relate only to articles already made and already actually embarked in interstate or foreign commerce, we see that there is not the slightest attempt in this bill to prescribe a rule by which such commerce shall be carried on.

Acts done with reference to the production of articles which are intended for such commerce—acts done with reference to articles which have been the subjects of such commerce—are by this bill made criminal, while that very commerce in these very articles which were so produced, brought into existence, or imported in violation of the provisions of the bill is wholly untouched. If the bill becomes a law, that commerce in these very articles will go on, or, as Chief Justice Marshall expresses it, will be carried on exactly in the same way in all respects whatsoever as if this bill had never been passed, and without the slightest variation or change, as in all other articles. Can that be a regulation of interstate or foreign commerce which regulates nothing done in that commerce, but something else? The something else is production and selling in a State, which all agree can not be regulated by Congress. Being such a regulation and being as such undoubtedly beyond the power of Congress, the bill can not be made constitutional as an incident

to a regulation of interstate or foreign commerce, which is not only not regulated at all, but is left wholly untouched.

The Constitution is a reasonable instrument, designed to specify powers delegated to a general government. So far as these powers are granted expressly or by necessary implication for the execution of express powers, they are full and complete, as well as supreme, but the Constitution neither authorizes nor tolerates the absurdity of the exercise of a power as a necessary incident to and in aid of the execution of an express power when no attempt is made to execute the express power. We can not, therefore, assume a power which would be proper in the execution of an express power, and then pervert it, so that it will not be an execution of the express power, but will be, as exercised, a regulation of something else not within the jurisdiction of the Federal Government. For no incidental power is given as a separate and substantive power, independent of the execution of an express power to be exercised by Congress whenever and wherever it may seem desirable.

Such a power is always subordinate and conditioned for its existence on the necessity for its exercise for the proper execution of an express power; that is, for making effectual the actual exercise by Congress of the express power. All incidental powers are dormant, even non-existent, except in the promise of possible life to begin when their exercise is necessary to do their proper work in the actual execution of an express power. If the express power is not executed or not executed on the point to which an assumed incidental power is directed, then the alleged incidental power can not be evoked, for it can be constitutionally evoked only for execution, and only when its exercise is necessary and proper for executing the express power, and not for something else.

The bill regulates, not interstate or foreign commerce, but regulates, by penalties, contracts and agreements, etc., that are conspiracies of a certain character with the intent to do something else. That something else, or the end sought by the conspiracy, is not regulated at all. It remains perfectly lawful; lawful not only as a principal end, but lawful in the methods by which it is sought to be attained; lawful notwithstanding the criminal conspiracy. There is, be it remembered, no prohibition of the importation or transportation or sale of the articles imported, produced, manufactured, or sold by the conspiracy. Interstate and foreign traffic transportation and full and free commerce in them are wholly unregulated, but remain perfectly lawful and unrestrained. They remain not only unprohibited,

but even meritorious—things fostered and promoted by our laws.

A criminal conspiracy is a combination or agreement of two or more to do an unlawful act or to do a lawful act in an unlawful manner. But here in this bill we have a criminal conspiracy made out of an agreement to do a thing, with the intent that it shall result in another thing, which is not only not unlawful, but meritorious, not only as to the act to be done, but as to the methods named in the bill as the gist of the crime. In other words, Congress usurps, as an incident to the power to regulate interstate and foreign commerce, the power to punish a thing, a conspiracy, over which it has *per se* no jurisdiction, and, at the same time and by the same law, the results of this conspiracy, when they become a part of that commerce and thereby become for the first time subject to the jurisdiction of Congress, are not only not criminal, but are encouraged and protected by our laws. Can such a usurpation stand?

The States may punish the conspiracy denounced in the bill without going further and declaring that commerce in the articles so produced shall be unlawful, because the States have full jurisdiction over the main or principal thing, the production, without reference to any subsequent commerce in them.

Senator George, in support of these positions, here cited United States *vs.* Fox, 95 United States Reports, 692.

Mr. President, I have shown that this bill is utterly unconstitutional. and, even if constitutional, utterly worthless. If we pass it we do not only a vain and useless thing; we do a wicked thing. We give to a suffering people, as a remedy for a great wrong, that which will not only prove utterly inefficient, but will prove an aggravation of the evils. There is, however, a power we can exercise: the power to reduce or abolish duties on the foreign competing articles. At the proper time I shall offer as a substitute for this bill an amendment looking to the exercise of that power.

On March 21 Senator Sherman submitted from the Committee on Finance an amendment to the bill. It substituted for section 2 the following section, adding it to section 1:

And the circuit court of the United States shall have original jurisdiction of all suits of a civil nature at common law or in equity arising under this section, and to issue all remedial process orders or writs proper and necessary to enforce its provisions. And the Attorney-General and the several district attorneys are hereby directed, in the name of the United States, to commence and prosecute all such cases to final judgment and execution.

It substituted for section 3 the following section, making it section 2:

SEC. 2. That any person or corporation injured or damnified by such arrangement, contract, agreement, trust, or combination defined in the first section of this act may sue for and recover, in any court of the United States of competent jurisdiction, without respect to the amount involved, of any person or corporation a party to a combination described in the first section of this act, twice the amount of damages sustained and the costs of the suit, together with a reasonable attorney's fee.

Senator Sherman supported the bill as amended.

The bill does not announce a new principle of law, but applies old and well recognized principles of the common law to the complicated jurisdiction of our State and Federal Government. Each State can and does prevent and control combinations within the limit of the State. This we do not propose to interfere with. The power of the State courts has been repeatedly exercised to set aside such combinations, but these courts are limited in their jurisdiction to the State, and, in our complex system of government, are admitted to be unable to deal with the great evil that now threatens us.

These two sections of the bill are distinct and different in their scope and object. The first invokes the power of the National Government in proper cases, to restrain such a combination, by mandatory proceedings, from interfering with the trade and commerce of the country, and the second section is to give to private parties a remedy for personal injury caused by such a combination.

The first section defines a civil remedy, and the courts will construe it liberally; they will prescribe the precise limits of the constitutional power of the Government; they will distinguish between lawful combinations in aid of production and

unlawful combinations to prevent competition and in restraint of trade; they can operate on corporations by restraining orders and rules; they can declare the particular combination null and void and deal with it according to the nature and extent of the injuries.

In providing a remedy the intention of the combination is immaterial. The intention of a corporation can not be proven. If the natural effects of its acts are injurious, if they tend to produce evil results, if their policy is denounced by the law as against the common good, it may be restrained, be punished with a penalty or with damages, and in a proper case it may be deprived of its corporate powers and franchises. It is the tendency of a corporation, and not its intention, that the courts can deal with. Therefore the amendments first reported to the first section are not in the substitute.

The third section is a criminal statute applicable to individuals only, which would be construed strictly and is difficult to be enforced. In the present state of the law it is impossible to describe, in precise language, the nature and limits of the offence in terms specific enough for an indictment. It has therefore been omitted.

It is sometimes said that without this section the law would be nugatory. I do not think so. The powers granted by the first section are ample to check and prevent the great body of illegal combinations that may be made, but if not it is easy enough hereafter to provide a suitable punishment for a violation of this statute. Every corporation engaged in business must be responsible for the tendency of its business, whether lawful or unlawful, but individuals can be punished only for criminal intentions. To require the intentions of a corporation to be proved is to impose an impossible condition and would defeat the object of the law. To restrain and prevent the illegal tendency of a corporation is the proper duty of a court of equity. To punish the criminal intention of an officer is a much more difficult process and might be well left to the future.

This bill, as I would have it, has for its single object to arm the Federal courts within the limits of their constitutional power that they may coöperate with the State courts in checking, curbing, and controlling the most dangerous combinations that now threaten the business, property, and trade of the people of the United States. And for one I do not intend to be turned from this course by fine-spun constitutional quibbles or by the plausible pretexts of associated or corporate wealth and power.

It is said that this bill will interfere with lawful trade,

with the customary business of life. I deny it. It aims only at unlawful combinations. It does not in the least affect combinations in aid of production where there is free and fair competition. It is the right of every man to work, labor, and produce in any lawful vocation and to transport his production on equal terms and conditions and under like circumstances. This is industrial liberty and lies at the foundation of the equality of all rights and privileges.

The right to combine the capital and labor of two or more persons in a given pursuit with a community of profit and loss under the name of a partnership is open to all and is not an infringement of industrial liberty, but is an aid to production. The law of partnership clearly defines what is a lawful and what is an unlawful partnership. The same business is open to every other partnership, and, while it is a combination, it does not in the slightest degree prevent competition.

The combination of labor and capital in the form of a corporation to carry on any lawful business is a proper and useful expedient, especially for great enterprises of a quasi-public character, and ought to be encouraged and protected as tending to cheapen the cost of production, but these corporate rights should be open to all upon the same terms and conditions. Such corporations, being mere creatures of law, can only exercise the powers specially granted and defined. Experience has shown that they are the most useful agencies of modern civilization. They have enabled individuals to unite to undertake great enterprises only attempted in former times by powerful governments. The good results of corporate power are shown in the vast development of our railroads and the enormous increase of business and production of all kinds.

When corporations unite merely to extend their business, as connecting lines of railway without interfering with competing lines, they are proper and lawful. Corporations tend to cheapen transportation, lessen the cost of production, and bring within the reach of millions comforts and luxuries formerly enjoyed by thousands. Formerly corporations were special grants to favored companies, but now the principle is generally adopted that no private corporation shall be created with exclusive rights or privileges. The corporate rights granted to one are open to all. In this way more than three thousand national banks have been formed with the same rights and privileges, and the business is open to all competitors. In most of the States general railroad laws provide the terms on which all railroads may be built, with like rights and privileges. Corporate rights

open to all are not in any sense a monopoly, but tend to promote free competition of all on the same conditions. They are mere creatures of the law, ordained to exercise only well defined powers, and they are not in any way interfered with by this bill.

This bill does not seek to cripple combinations of capital and labor, the formation of partnerships or of corporations, but only to prevent and control combinations made with a view to prevent competition, or for the restraint of trade, or to increase the profits of the producer at the cost of the consumer. It is the unlawful combination, tested by the rules of common law and human experience, that is aimed at by this bill, and not the lawful and useful combination. Unlawful combinations made by individuals are declared by the several States to be against public policy and void, and in proper cases they may be punished as criminals. If their business is lawful they can combine in any way and enjoy the advantage of their united skill and capital, provided they do not combine to prevent competition. A limited monopoly secured by a patent right is an admitted exception, for this is the only way by which an inventor can be paid for his invention.

Any other attempt by individuals to secure a monopoly should be subject to the law of restraint applied to partnerships and corporations. A partnership is unlawful when its business tends to restrain trade, to deal in forbidden productions, or to encourage immoral and injurious pursuits, such as lotteries and the like, but, if its business is lawful and open to competition with others with like skill and capital, it can not be dangerous. A corporation may be, and usually is, a more powerful and useful combination than a partnership. It is an artificial person without fear of death, without a soul to save or body to punish, but if other corporations can be formed on equal terms a monopoly is impossible. If it becomes powerful enough to exercise an undue influence in one State it is met by free competition with producers in all the other States in the Union and by importation from all the world, subject only to such duties as the public necessities demand.

But associated enterprise and capital are not satisfied with partnerships and corporations competing with each other, and have invented a new form of combination commonly called trusts, that seeks to avoid competition by combining the controlling corporations, partnerships, and individuals engaged in the same business, and placing the power and property of the combination under the government of a few individuals,

and often under the control of a single man called a trustee, a chairman, or a president.

The sole object of such a combination is to make competition impossible. It can control the market, raise or lower prices, as will best promote its selfish interests, reduce prices in a particular locality and break down competition and advance prices at will where competition does not exist. Its governing motive is to increase the profits of the parties composing it. The law of selfishness, uncontrolled by competition, compels it to disregard the interest of the consumer. It dictates terms to transportation companies, it commands the price of labor without fear of strikes, for in its field it allows no competitors. Such a combination is far more dangerous than any heretofore invented, and, when it embraces the great body of all the corporations engaged in a particular industry in all of the States of the Union, it tends to advance the price to the consumer of any article produced, it is a substantial monopoly injurious to the public, and, by the rule of both the common and the civil law, is null and void and the just subject of restraint by the courts, of forfeiture of corporate rights and privileges, and in some cases should be denounced as a crime, and the individuals engaged in it should be punished as criminals. It is this kind of a combination we have to deal with now.

If the concentered powers of this combination are intrusted to a single man, it is a kingly prerogative, inconsistent with our form of government, and should be subject to the strong resistance of the State and national authorities. If anything is wrong this is wrong. If we will not endure a king as a political power we should not endure a king over the production, transportation, and sale of any of the necessaries of life. If we would not submit to an emperor we should not submit to an autocrat of trade, with power to prevent competition and to fix the price of any commodity. If the combination is confined to a State the State should apply the remedy; if it is interstate and controls any production in many States, Congress must apply the remedy. If the combination is aided by our tariff laws they should be promptly changed, and, if necessary, equal competition with all the world should be invited in the monopolized article. If the combination affects interstate transportation or is aided in any way by a transportation company, it falls clearly within the power of Congress, and the remedy should be aimed at the corporations embraced in it, and should be swift and sure.

Do I exaggerate the evil we have to deal with? I do not

think so. I do not wish to single out any particular trust or combination. It is not a particular trust, but the system I am at. I will only cite a very few instances of combinations that have been the subject of judicial or legislative inquiry, to show what has been and what can be done by them.

Here the Senator cited the opinion of Judge Baxter, in the case of Handy *et al.*, Trustees *vs.* Cleveland and Marietta Railroad Company, Federal Reporter, Volume 31, pages 689 to 693, inclusive. This case related to discrimination in rates in favor of the Standard Oil Company against George Rice, its competitor.

It also appears in an equity suit in which the Commonwealth of Pennsylvania was complainant and the Pennsylvania Railroad Company was defendant, filed in the Supreme Court of Pennsylvania for the Western District, in 1879, and where A. J. Cassatt, then third vice-president in charge of the transportation department of the Pennsylvania Railroad Company, testified that the Standard Oil Company were receiving over and above current drawbacks certain rebates and allowances.

Another case of unlawful combination was the case of David M. Richardson *vs.* Russell A. Alger *et al.*, recently decided in the supreme court of the State of Michigan. I have the opinion by the chief justice which sufficiently states the nature of the combination and the view taken of it by that court. This is quite a leading case.

November 15, 1889.

SHERWOOD, C. J. I think no one can read the contract in question and fail to discover that considerations of public policy are largely involved. The intention of the agreement is to aid in securing the objects sought to be attained in the formation and organization of the Diamond Match Company. This object is openly and boldly avowed. Its articles provide for the aggregation of an enormous amount of capital, sufficient to buy up and absorb all of that kind of business done in the United States and Canada, and to prevent any other person or corporation from engaging in or carrying on the same, thereby preventing all competition in the sale of the articles manufactured.

The sole object of the corporation is to make money by having it in its power to raise the price of the article or diminish the quantity to be made and used at its pleasure.

Thus, both the supply of the article and the price thereof are made to depend upon the action of a half dozen individuals, more or less, to satisfy their cupidity and avarice, who may happen to have the controlling interest in this corporation—an artificial person—governed by a single motive or purpose, which is to accumulate money, regardless of the wants and necessities of over sixty millions of people.

Monopoly in trade, or in any kind of business in this country, is odious to our form of government. It is sometimes permitted to aid the Government in carrying on a great public enterprise or public work under governmental control in the interest of the public. This tendency is, however, destructive of free institutions and repugnant to the instincts of a free people, and contrary to the whole scope and spirit of the Federal Constitution, and is not allowed to exist, under express provision in several of our State constitutions.

Indeed, it is doubtful if free government can long exist in a country where such enormous amounts of money are allowed to be accumulated in the vaults of corporations, to be used at discretion in controlling the property and business of the country against the interests of the public and that of the people for the personal gain and aggrandizement of a few individuals.

It is always destructive of individual rights and of that free competition which is the life of business, and it revives and perpetuates one of the great evils which it was the object of the framers of our form of government to eradicate and prevent. It is alike destructive to both individual enterprise and individual prosperity, and therefore public policy is, and ought to be, as well as public sentiment, against it.

All combinations among persons or corporations for the purpose of raising or controlling the prices of merchandise or any of the necessaries of life are monopolies and intolerable, and ought to receive the condemnation of all courts.

In my judgment, not only is the enterprise in which the Diamond Match Company is engaged an unlawful one, but the contract in question in this case, being made to further its objects and purposes, is void, upon the ground that it is against public policy.

CHAMPLIN, J. Such a vast combination is a menace to the public; its object and direct tendency is to prevent free and fair competition and control prices throughout the national domain. It is no answer to say that this monopoly has in fact reduced the price of friction matches. That policy may have been necessary to crush competition. The fact exists that it rests in the discretion of this company at any time to raise the price to an exorbitant degree. Such combinations have frequently been condemned by courts as unlawful and against public policy:

Hooker *vs.* Vandemater, 4 Denio, 349, etc.

It is not necessary that the parties, or either of them, should rely upon the fact that the contract is one which it is against the policy of the law to enforce. Courts will take notice of their own motion of illegal contracts which come before them for adjudication, and will leave the parties where they have placed themselves.

Campbell, J., concurred with Mr. Justice Champlin.

Senator Sherman cited similar decisions of courts in other States, and stated that all the State courts had so decided.

And now it is for Congress to say, when the devices of able lawyers and the cupidity of powerful corporations have united to spread these combinations over all the States of the Union, embracing in their folds nearly every necessary of life, whether

it is not time to invoke the judicial power conferred upon the courts of the United States to deal with these combinations, when lawful to support them and when unlawful to suppress them.

I have seen within a few days in the public prints a notice of a combination intended to affect the price of silver bullion, as follows:

WITH A CAPITAL OF TWENTY-FIVE MILLION DOLLARS.

CHICAGO, *March* 2.

The *Herald* to-day says that, with the exception of five companies, all the refining and smelting companies of the United States have formed a trust, with a capital of $25,000,000, of which $15,000,000 is to be common stock and the remainder preferred.

If such a combination is formed it will enable a few corporations in different States to corner the Government of the United States in its proposed effort, by a bill pending in the Senate, to purchase silver bullion as the basis and security for paper money. Can any one doubt that such a combination is unlawful, against public policy, with power enough to control the operation of your laws, and destructive to all competition which you invite?

It is scarcely necessary on this point to quote further from the law books. Every decision or treatise on the law of contracts agrees in denouncing such a combination.

Judge Gibson, in the case of the Commonwealth of Pennsylvania *vs.* Carlisle, states the general principle in terse and vigorous language:

A combination is criminal whenever the act to be done has a necessary tendency to prejudice the public or to oppress individuals by unjustly subjecting them to the power of the confederates, and giving effect to the purpose of the latter, whether of extortion or of mischief.

The solicitor of the Standard Oil Trust, Mr. Dodd, in an argument which I have before me, admits that certain combinations are null and void. He says:

The law is properly very jealous of certain classes of combinations, such as—

First. Where the parties combining exercise a public employment or possess exclusive privileges, and are to that extent monopolies.

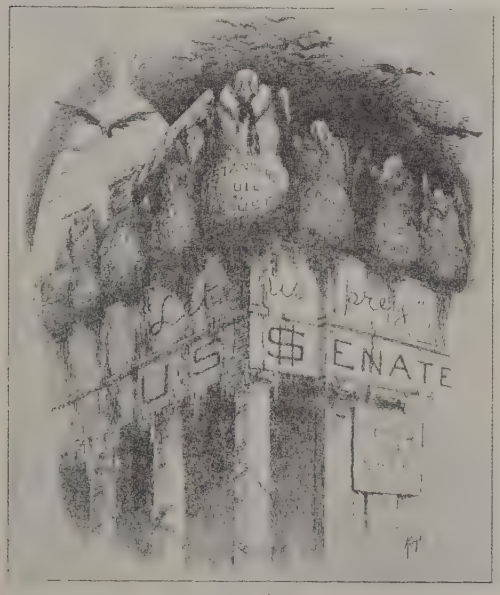
Second. Where the purpose and effect of the combination is to "corner" any article necessary to the public.

Third. Where the purpose and effect of the combination is to limit production, and thereby to unduly enhance prices.

. . . . . .

These things are just as unlawful without combination as with it. In other words, the evil is not in the combination, but in its purposes and results.

I accept the law, as stated by Mr. Dodd, that all combinations are not void, a proposition which no one doubts, but I assert that the tendency of all combinations of corporations, such as those commonly called trusts, and the inevitable effect



THE VULTURES' ROOST

By E. W. Kemble in "Collier's Weekly"

of them, is to prevent competition and to restrain trade. This must be manifest to every intelligent mind. Still this can not be assumed as against any combination unless upon a fair hearing it should appear to a court of competent jurisdiction that the agreement composing such combination is necessarily injurious to the public and destructive to fair trade. These modern combinations are uniformly composed of citizens and corporations of many States, and therefore they can be dealt with only by a jurisdiction as broad as their combination.

I admit that it is difficult to define in legal language the precise line between lawful and unlawful combinations. This must be left for the courts to determine in each particular case. All that we, as lawmakers, can do is to declare general principles, and we can be assured that the courts will apply them so as to carry out the meaning of the law, as the courts of England and the United States have done for centuries. This bill is only an honest effort to declare a rule of action, and if it is imperfect it is for the wisdom of the Senate to perfect it. Although this body is always conservative, yet, whatever may be said of it, it has always been ready to preserve, not only popular rights in their broad sense, but the rights of individuals as against associated and corporate wealth and power.

It is sometimes said of these combinations that they reduce prices to the consumer by better methods of production, but all experience shows that this saving of cost goes to the pockets of the producer. The price to the consumer depends upon the supply, which can be reduced at pleasure by the combination. It will vary in time and place by the extent of competition, and when that ceases it will depend upon the urgency of the demand for the article. The aim is always for the highest price that will not check the demand, and, for the most of the necessaries of life, that is perennial and perpetual.

But, they say, competition is open to all; if you do not like our prices, establish another combination or trust. As was said by the supreme court of New York, when the combination already includes all or nearly all the producers, what room is there for another? And, if another is formed and is legal, what is to prevent another combination? Sir, now the people of the United States, as well as of other countries, are feeling the power and grasp of these combinations, and are demanding of every legislature and of Congress a remedy for this evil, only grown into huge proportions in recent times. They had monopolies and mortmains of old, but never before such giants as in our day. You must heed their appeal or be ready for

the socialist, the communist, and the nihilist. Society is now disturbed by forces never felt before.

The popular mind is agitated with problems that may disturb social order, and among them all none is more threatening than the inequality of condition, of wealth, and opportunity that has grown within a single generation out of the concentration of capital into vast combinations to control production and trade and to break down competition. These combinations already defy or control powerful transportation corporations and reach State authorities. They reach out their Briarean arms to every part of our country. They are imported from abroad. Congress alone can deal with them, and if we are unwilling or unable there will soon be a trust for every production and a master to fix the price for every necessity of life.

But it is said by the Senator from Mississippi [Mr. George] that this bill is unconstitutional, that Congress can not confer jurisdiction on the courts of the United States in this class of cases. I respectfully submit that, in his subtle argument, he has entirely overlooked the broad jurisdiction conferred by the Constitution upon courts of the United States in ordinary cases of law and equity between certain parties, as well as cases arising under the Constitution, laws, and treaties of the United States. Much the greater proportion of the cases decided in these courts have no relation to the Constitution, laws, or treaties. They embrace admiralty and maritime law, all controversies in which the United States are a party, controversies between two or more States, between a State and citizens of another State, between citizens of different States, between citizens of the same State claiming lands under grants of different States, and between a State, or the citizens thereof, and foreign states, citizens, or subjects.

This jurisdiction embraces the whole field of the common law and of commercial law, especially of the law of contracts, in all cases where the United States is a party and in all cases between citizens of different States. The jurisdiction is as broad as the earth, except only it does not extend to controversies within a State between citizens of a State. All the combinations at which this bill aims are combinations embracing persons and corporations of several States. Each State can deal with a combination within the State, but only the general Government can deal with combinations reaching not only the several States, but the commercial world. This bill does not include combinations within a State, but if the Senator from Mississippi can make this clearer any proposition he will make to that

effect will certainly be accepted and I will cheerfully vote for his proposition. Can any one doubt the jurisdiction of the courts of the United States in all cases in which the United States is a party and in all cases between citizens, including corporations, of different States? I will read a note from Story on the Constitution:

> It has been very correctly remarked by Mr. Justice Iredell that "the judicial power of the United States is of a peculiar kind. It is, indeed, commensurate with the ordinary legislative and executive government and the powers which concern treaties. But it also goes further. When certain parties are concerned, although the subject in controversy does not relate to any special objects of authority of the General Government, wherein the separate sovereignties of the separate States are blended in one common mass of supremacy, yet the General Government has a judicial authority in regard to such subjects of controversy; and the Legislature of the United States may pass all laws necessary to give such judicial authority its proper effect."

The judicial power of the United States extends to all questions of law and equity which arise between citizens of different States or between the other classes named. The jurisdiction of the courts of the United States may depend either upon the nature of the causes arising under the Constitution, laws, or treaties of the United States, or upon the parties to the case. [See decisions of Chief Justice Marshall, in the case of Cohens *vs.* Virginia, 6 Wheaton, page 378, and Osborn *vs.* Bank of the United States, 9 Wheaton, page 738.]

By the Constitution of the United States this jurisdiction or the courts of the United States extends to all cases in law and equity between certain parties. What is meant by the words of "cases in law and equity"? Does this include only cases growing out of the Constitution, statutes, and treaties of the United States? It has been held over and over again that, by these words, the Constitution has adopted as a rule of remedial justice the common law of England as administered by courts of law and equity. [See Judge Story, in his work on the Constitution, Volume 2, page 485.]

I submit that this bill as it stands, without any reference to the specific powers granted to Congress by the Constitution, is clearly authorized under the judicial article of the Constitution. This bill declares a rule of public policy in accordance with the rule of the common law. It limits its operation to certain important functions of the Government, among which are the importation, transportation, and sale of articles imported into the United States, the production, manufacture, or

sale of articles of domestic growth or production, and domestic raw materials competing with a similar article upon which a duty is levied by the United States.

If this bill were broader than it is and declared unlawful all trusts and combinations in restraint of trade and production null and void, there could be no question that in suits brought by the United States to enforce it, or suits between individuals or corporations of different States for injuries done in violation of it, it would be clearly within the power of Congress and the jurisdiction of the court. The mere limitation of this jurisdiction to certain classes of combinations does not affect in the slightest degree the power of Congress to pass a much broader and more comprehensive bill.

Nor is it necessary to limit the jurisdiction of the courts of the United States to suits between citizens of different States. It extends also to suits by the United States when authorized by law. It is eminently proper that when a combination of persons or corporations of different States tends to affect injuriously the interests or powers of the United States, as well as of citizens of the United States, the proceeding should be in the courts of the United States and in the name of the United States. The legal process of *quo warranto* or *mandamus* ought, in such cases, to be issued at the suit of the United States. A citizen would appear in such a suit at every disadvantage, and even the United States is scarcely the equal of a powerful corporation in a suit where a single officer with insufficient pay is required to compete with the ablest lawyers who are encouraged with compensation far beyond the limits allowed to the highest Government officer. It is in such proceedings that the battle with these great combinations is to be fought.

But, aside from the power drawn from the third article of the Constitution, I believe this bill is clearly within the power conferred expressly upon Congress to regulate commerce with foreign nations and among the several States and its power to levy and collect taxes, duties, imposts, and excises.

And here, Mr. President, I wish to again call attention to the argument of the Senator from Mississippi [Mr. George]. He treats this bill as a criminal statute from beginning to end, and not as a remedial statute with civil remedies. He says:

> The first thing which attracts our attention, therefore, is that if the agreement or combination, which is the crime, be made outside of the jurisdiction of the United States it is also without the terms of the law and can not be punished in the United States.

It is true that if a crime is committed outside of the United States it can not be punished in the United States. But if an unlawful combination is made outside of the United States and in pursuance of it property is brought within the United States such property is subject to our laws. It may be seized. A civil remedy by attachment could be had. Any person interested in the United States could be made a party.

Either a foreigner or a native may escape "the criminal part of the law," as he says, by staying out of our jurisdiction, as very many do, but if they have property here it is subject to civil process. I do not see what harm a foreigner can do us if neither his person nor his property is here. He may combine or conspire to his heart's content if none of his coconspirators are here or his property is not here.

Again he says:

> But suppose, what I think, however, is highly improbable, some of these great combinations should be made in the United States. Will the case be any better for the people in whose interest we profess to legislate? The combination, agreement, or trusts, etc., must, under the bill, be made "with the intention to prevent full and free competition in the importation, transportation, or sale of articles imported into the United States."

The word "intention" is not in the bill. It was proposed as an amendment.

SENATOR GEORGE.—When the bill came back from the committee it had the word in it.

SENATOR SHERMAN.—But the bill as it comes from the committee now has certainly no such word in it. The language is: "made with a view or which tend." The "*intention*" can not be proved, though "*tendency*" can. The tendency is the test of legality. The intention is the test of a crime.

All through the Senator's speech he quotes the phrases of a "certain specified intent," "specific intent," "penal legislation," "reasonable doubt," "indicted must be acquitted." He treats this bill very much as he does the Constitution of the United States, something to be evaded, to be strictly construed, instead of being what it is, a remedial statute, a bill of rights, a charter of liberty. He no doubt is partly justified in this by the amendments proposed, but not adopted, and by the third section, which would be subject to his criticism, and which I will join him in striking out.

Now, Mr. President, what is this bill? A remedial statute to enforce by civil process in the courts of the United States the common law against monopolies. How is such a law to be

construed? Liberally with a view to promote its objects. What are the evils complained of? They are well depicted by the Senator from Mississippi in this language, and I will read it as my own with quotation marks.

SENATOR GEORGE.—I am very much obliged for the compliment.

SENATOR SHERMAN read the paragraph of Mr. George beginning, "These trusts and combinations are great wrongs to the people."

One would think that with this conception of the evil to be dealt with he would for once turn his telescope upon the Constitution to find out power to deal with so great a wrong, and not, as usual, to reverse it, to turn the little end of the telescope to the Constitution, and then, with subtle reasoning, to dissipate the powers of the Government into thin air. He overlooks the judicial power of the courts of the United States extending to all cases where the United States is a party, or where a State may sue in the courts of the United States, or where citizens of different States are contesting parties with full power to apply a remedy by *quo warranto, mandamus,* judgment, and execution. He treats the question as depending alone upon the power to regulate foreign and domestic commerce and of taxation. I submit that, without reference to the judicial power, they are amply sufficient to justify this bill. What are they?

Congress shall have power to regulate commerce with foreign nations and among the several States and with the Indian tribes.

The want of this power was one of the leading defects of the Confederation, and probably as much as any one cause conduced to the establishment of a Constitution. It is a power vital to the prosperity of the Union, and without it the Government could scarcely deserve the name of a National Government and would soon sink into discredit and imbecility. It would stand as a mere shadow of sovereignty to mock our hopes and involve us in a common ruin. [Story on the Constitution, Volume 2, page 2.]

What is the extent of this power? What is the meaning of the word "commerce"? It means the exchange of all commodities between different places or communities. It includes all trade and traffic, all modes of transportation by land or by sea, all kinds of navigation, every species of ship or sail, every mode of transit, from the dog-cart to the Pullman car, every kind of motive power, from the mule or horse to the most recent application of steam or electricity applied on every road, from

the trail over the mountain or the plain to the perfected railway or the steel bridges over great rivers or arms of the sea. The power of Congress extends to all this commerce, except only that limited within the bounds of a State.

Under this power no bridge can be built over a navigable stream except by the consent of Congress. All the network of railroads crossing from State to State, from ocean to ocean, from east to west, and from north to south are now curbed, regulated, and controlled by the power of Congress over commerce. Most of the combinations aimed at by this bill are directly engaged in this commerce. They command and control in many cases and even own some of the agencies of this commerce. They have invented or own new modes of transportation, such as pipe-lines for petroleum or gas, reaching from State to State, crossing farms and highways and public property.

Can it be that with this vast power Congress can not protect the people from combinations in restraint of trade that are unlawful by every code of civil law adopted by civilized nations? It may "regulate commerce"; can it not protect commerce, nullify contracts that restrain commerce, turn it from its natural courses, increase the price of articles, and therefore diminish the amount of commerce?

It is said that commerce does not commence until production ends and the voyage commences. This may be true as far as the actual ownership or sale of articles within a State is subject to State authorities. I do not question the decision of the Supreme Court in the case of Coe *vs.* Errol, quoted by the Senator from Mississippi, that property within a State is subject to taxation though intended to be transported into another State. This bill does not propose to deal with property within a State or with combinations within the State, but only when the combination extends to two or more States or engages in either State or foreign commerce. It is said that these combinations can and will evade this bill. I have no doubt they will do so in many cases, but they can do so only by ceasing to interfere with foreign and interstate commerce.

Their power for mischief will be greatly crippled by this bill. Their present plan of organization was adopted only to evade the jurisdiction of State courts. They still maintain their workshops, their mode of production, by means of partnerships or corporations in a State. If their productions competed with those of similar partnerships or corporations in other States it would be all right. But to prevent such competition

they unite the interests of all these partnerships and corporations into a combination, sometimes called a trust, sometimes a new corporation, located in a city remote from the places of production, and then regulate and control the sale and transportation of all the products of many States, discontinuing one at their will, some running at half time, others pressed at their full capacity, fixing the price at pleasure in every mart of the United States, dictating terms to transportation companies, controlling your commerce, and yet it is said that Congress, armed with full power to regulate commerce, is helpless and unable to deal with this monster.

Sir, the object aimed at by this bill is to secure competition of the productions of different States which necessarily enter into interstate and foreign commerce. These combinations strike directly at the commerce over which Congress alone has jurisdiction. "Congress may regulate interstate and foreign commerce," and it is absurd to contend that Congress may not prohibit contracts and arrangements that are hostile to such commerce.

Congress also has power "to lay and collect taxes, duties, imposts, and excises." It may exercise its own discretion in acting upon this power, and is only responsible to the people for the abuse of the power. All parties, from the foundation of the Government, have held that Congress may discriminate in selecting the objects and rates of taxation. Some of these taxes are levied for the direct and some for the incidental encouragement and increase of home industries. The people pay high taxes on the foreign article to induce competition at home, in the hope that the price may be reduced by competition, and with the benefit of diversifying our industries and increasing the common wealth.

Suppose one of these combinations should unite all, or nearly all, the domestic producers of an article of prime necessity with a view to prevent competition and to keep the price up to the foreign cost and duty added, would not this be in restraint of trade and commerce and affect injuriously the operation of our revenue laws? Can Congress prescribe no remedy except to repeal its taxes? Surely it may authorize the executive authorities to appeal to the courts of the United States for such a remedy as courts habitually apply in the States for the forfeiture of charters thus abused and the punishment of officers who practice such wrongs to the public. It may also give to our citizens the right to sue for such damages as they have suffered.

In no respect does the work of our fathers in framing the Constitution of the United States appear more like the work of the Almighty Ruler of the Universe rather than the conception of human minds than by the gradual development and application of the powers conferred by it upon different branches of the Federal Government. Many of these powers have remained dormant, unused, but plainly there, awaiting the growth and progress of our country, and when the time comes and the occasion demands we find in that instrument, provided for thirteen States, a thread along the Atlantic and containing four millions of people, without manufactures, without commerce, bankrupt with debt, without credit or wealth, all the powers necessary to govern a continental empire of forty-two States, with sixty-five millions of people, the largest in manufactures, the second in wealth, and the happiest in its institutions of all the nations of the world.

While we should not stretch the powers granted to Congress by strained construction, we can not surrender any of them; they are not ours to surrender, but whenever occasion calls we should exercise them for the benefit and protection of the people of the United States. And, sir, while I have no doubt that every word of this bill is within the powers granted to Congress, I feel that its defects are in its moderation, and that its best effect will be a warning that all trade and commerce, all agreements and arrangements, all struggles for money or property, must be governed by the universal law that the public good must be the test of all.

George G. Vest [Mo.] opposed the bill.

I take it that there will be no controversy with the Senator from Ohio as to the enormity of the abuses that have grown up under the system of trusts and combinations which now prevails in every portion of the Union. What we desire is one thing; what we can accomplish under the autonomy of our Government is another.

I deprecate as much as the Senator from Ohio can possibly do that spirit of hypercriticism which would consider the Constitution of the United States as a bill of indictment. I believe that it is a great bill of human rights, conservative, liberty-preserving, liberty-administering; and it is conservative, it preserves and administers liberty because it is a written Constitution and not because it is given to Congress to legislate as it sees proper, under the general and nebulous presumption of

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the general welfare, without regard to the grants that are made by the people to them as their legislative servants.

The grants of power to the courts of the United States are limited also by this written Constitution, and the grants of power in the judicial clause of the Constitution consist of two sorts: first, the jurisdiction which comes from the character of the litigants; and, secondly, the jurisdiction that comes from the subject-matter involved.

As I understand the provisions of the original bill reported by the Senator from Ohio and the amendment which he offers now as a substitute, the attempt is made under one or the other of these two classes of jurisdiction, and then, permit me to say respectfully, by an uncertain and nebulous commingling of the two to give the power to Congress to pass this proposed act.

I know how ungrateful and dangerous it is now for a public man to object to this kind of legislation against this terrible evil, this enormous abuse of trusts and combines which the whole country is properly denouncing. I appreciate fully the significance of the remark of the Senator from Ohio when he says that unless relief is given, to use the language of Mr. Jefferson, "worse will ensue."

But, sir, even in the face of the popular indignation which may be visited upon any one who criticises any measure that looks to the destruction of this evil, I can not violate my oath to support the Constitution and all the habitudes of thought which have come to me as a lawyer educated and trained in my profession.

For Congress to pass a law which will be thrown out of the Supreme Court under the terrible criticism that any such law must invoke is simply to subject ourselves to ridicule and to say to our constituents that we are powerless to enact laws which will give them relief.

This bill, if it becomes a law, must go through the crucible of a legal criticism which will avail itself of the highest legal talent throughout the entire Union. It will go through a furnace not seven times, but seventy-seven times heated, because the ablest lawyers in this country, it goes without saying, are on the side of the corporations and of aggregated wealth.

Without invoking this spirit of hypercriticism, which the Senator from Ohio deprecates, let us look at the provisions of the original bill and then of the amendment which he proposes shall take its place. In the original bill the Senator from Ohio undertakes to derive jurisdiction in Congress, not from the

character of the litigants, but from the subject-matter in litigation.

For the able argument of the Senator from Mississippi [Mr. George] against the original bill I have no words to express my admiration as a lawyer. I was exceedingly glad that it was made, because it is just through that species of argumentation that this legislation must pass.

It must be subjected to the crucible which was brought here by the Senator from Mississippi in that admirable dissertation upon constitutional power. After that argument was made the Senator from Ohio found it necessary to amend this original bill, and he did so by putting into it another element of jurisdiction, and that was the character of the litigants, in addition to the jurisdiction he had already invoked as to the subject-matter.

It is plain that the Senator from Ohio, recognizing the weakness of the original bill, attempted to invoke that idea which is found in the Constitution of the United States and the judiciary act of 1789, that citizenship in different States conferred Federal jurisdiction.

Now, let us see if the Senator by any such process as that can evade the argument made by the Senator from Mississippi. Sir, I shall not attempt to make any elaborate argument, but will simply read the Constitution and then inquire under what clause the legislative jurisdiction to enact this bill can be found. The Constitution of the United States provides as to the judicial power as follows:

> The judicial power shall extend to all cases, in law and equity.

If it had stopped there much of the argument of the Senator from Ohio would have been pertinent, but it goes further:

> All cases, in law and equity, arising under this Constitution,

That is to say, you must find the jurisdiction within the limits of this instrument——

> the laws of the United States—

There is another grant—

> and treaties made, or which shall be made, under their authority.
>
> To all cases affecting ambassadors, other public ministers and consuls; to all cases of admiralty and maritime jurisdiction; to controversies to which the United States shall be a party; to controversies between two or

> more States; between a State and citizens of another State; between citizens of different States,—between citizens of the same State claiming lands under grants of different States, and between a State, or the citizens thereof, and foreign States, citizens or subjects.

Mr. President, let us take these clauses separately and see whether the power to pass this bill can be found under all or any of them. I shall reserve until the last my comments upon the first clause, because I think it can be established beyond any doubt that the jurisdiction is not found in the other clauses that follow. If this bill can be sustained at all, it is because there is a clause in the Constitution which authorizes it outside of the other clauses, which I shall proceed to enumerate. For instance, the next clause is:

> To all cases affecting ambassadors, other public ministers, and consuls.

Unquestionably the power is not there. No minister, no consul is involved in this legislation.

> To all cases of admiralty and maritime jurisdiction.

Unquestionably it is not found there, because the bill proposes only to affect contracts made upon land. Next:

> To controversies in which the United States shall be a party.

Unquestionably it does not affect that unless it be in that uncertain and unsatisfactory statement of the Senator from Ohio that he means in one clause of his amendment to give to the United States the power to proceed by *quo warranto*, injunction, or otherwise. In his original bill he had a direct criminal proceeding on the part of the Government of the United States against these trusts and he struck it out in the substitute. He has eliminated from this discussion the direct criminal proceeding in the name of the United States against the parties composing this trust and against the trust itself. There is no machinery provided for any proceeding by the United States in his amendment, but only the uncertain statement that the United States may proceed by remedial process. There is nothing else to lead us to believe that he intends that the United States shall do anything else except proceed in some fashion by information against the persons composing these trusts or the trusts themselves.

> To controversies between two or more States.

Unquestionably the bill is not under that clause.

> Between a State and citizens of another State.

There is nothing in this amendment which gives jurisdiction under that clause.

> Between citizens of different States, between citizens of the same State claiming lands under grants of different States, and between a State, or the citizens thereof, and foreign states, citizens, or subjects.

Of course there will be no contention that the jurisdiction is found under that clause. It must be then found under the clause——

SENATOR SHERMAN.—I have stated that the jurisdiction is sufficiently conferred in the ordinary language of the judiciary act of 1789, in all controversies in which the United States is a party and in controversies between citizens of different States. I did not claim any other power.

SENATOR VEST.—Unquestionably where there is any litigation between citizens of different States the Federal courts have jurisdiction, no matter what is the subject-matter. But here is a bill which is put upon no such ground. The bill says:

> All arrangements, contracts, agreements, trusts, or combinations between two or more citizens or corporations, or both, of different States, or between two or more citizens or corporations, or both, of the United States and foreign states.

Not where there are litigants, not where one is plaintiff and the other is defendant. There is where the Constitution gives Federal jurisdiction. If the corporation itself is composed of citizens of different States then this jurisdiction attaches. Any citizen can sue, although he lives in the same State with the corporation. There is the distinction.

Let me say that it excludes all the remedy that can be given to any citizen of the United States against the enormous evils depicted by the Senator from Ohio, because, if this bill be passed and the Supreme Court of the United States decides it constitutional, you will never hear of the corporation which proposes to create or manipulate a trust that does not have the personnel of its stockholders all in the same State. That goes without saying, and it is to impute idiocy to the men whose schemes and machinations we are now attacking to suppose that they would do anything else. The idea that they, with the best counsel in the United States and even in the

world, with the highest legal talent upon their side, will not immediately construct their corporations so as to nullify such a law is to impute to them a degree of mental imbecility that is simply ludicrous.

The Senator makes no distinction between the parties to the suit and the composition of the corporation which is itself a plaintiff or a defendant. He puts this jurisdiction upon something unknown to the Constitution, and the result would be (and it can be read between the lines) that if we enacted this into law the Supreme Court of the United States would immediately confront us with that clause of the Constitution and the judiciary act of 1789 and throw the case out of court.

It is very obvious that this attempt to invoke the web and woof of the judiciary act of 1789, which was made in pursuance of the clause of the Constitution that I have read, is an uncertain commingling of two elements utterly incongruous and utterly inconsistent.

SENATOR SHERMAN.—Does the Senator from Missouri say that there is anything in the bill that confers jurisdiction when they are citizens or members of a corporation of different States? There is nothing of that. The language of the bill is plain. I have read it. I do not see what the Senator is driving at.

Between two or more citizens or corporations—

The corporation is considered as a unit and the citizen as a unit—

or both, of different States.

This must be some persons and some corporations, distinct and separate personalities, not citizens who are members of the corporation.

SENATOR VEST.—Here is what I mean, and I think the Senator must agree with me: The Constitution of the United States makes one basis of jurisdiction to be the diverse citizenship of the litigants.

SENATOR SHERMAN.—This points that out. They must be citizens of different States or corporations of different States, or both.

SENATOR VEST.—Of course. Although it is so simple a matter that it hardly needs elucidation, I may put it thus: If Mr. Brown lives in the State of Missouri and Mr. Smith lives in Ohio they can sue each other without regard to the

subject-matter, provided it comes within the limits which were fixed in the judiciary act as to the jurisdiction of a Federal tribunal. The Senator does not put his bill upon that ground at all. He undertakes to put it upon the composition of one of the litigants alone. He does not say, if one of these citizens lives in one State and one in another, which we would all admit to confer Federal jurisdiction, but he gives Federal jurisdiction because the corporation which makes the trust is composed of citizens of different States. If it does not mean that, then the English language has lost all its flavor and I have lost my power to understand it.

Here is what he says. I will read it again *ad nauseam:*

All arrangements, contracts, agreements, trusts, or combinations between two or more citizens or corporations, or both, of different States.

And that gives jurisdiction, provided they go on and undertake to do the other things enumerated in the other part of the section as to goods brought from foreign countries or goods carried from one State to another.

The Senator does not follow the Constitution, which says that when a suit shall be brought by a citizen of one State against a citizen of another State for doing the thing which he enumerates afterwards, which is another matter of argument, but he says if the corporation offending is composed of people living in different States, then the Federal courts have jurisdiction, which I submit is an unheard-of proposition and no lawyer ever advanced it before. As I undertook to show, how easy is it for these corporations to evade any such provision by simply having their stockholders all living in the limits of any particular State? It affords no remedy, even if the argument of the Senator from Ohio could stand for a moment, which it can not.

But, Mr. President, I proceed now, for it is not my disposition to make any elaborate argument, to the latter clause of the amendment, disregarding entirely the original bill, which for the purposes of discussion has been removed. If a corporation is composed of two or more persons living in different States or if it is composed of citizens or corporations, or both, in the United States and a foreign country, and they make a combination to prevent full and free competition in the importation, transportation, or sale of articles imported into the United States, then this proposed law takes effect, and they become subject to the jurisdiction we invoke legislatively.

I do not propose to make any hypercritical argument, but

I do insist that unless we adhere to the opinions of the Supreme Court, especially in the great case of Brown *vs.* The State of Maryland, we are at sea without rudder or compass in this whole discussion.

The Senator invokes the commerce clause of the Constitution, that clause which gives to Congress the power to regulate commerce with foreign countries, among the States, and with the Indian tribes. The first question that meets us *in limine,* which any lawyer would be ashamed to confess that he did not invoke at the very beginning of his argument on this commerce clause, in the material question, what is commerce? What is commerce with a foreign country? There is the point in this whole legislation, the point that has given me the most trouble after long and exhaustive thought to the extent of my ability.

I will confess now, parenthetically, but honestly, that in all my experience as a lawyer I have never encountered a subject so full of difficulty as that now before the Senate. I can very well understand how it is full of difficulty. Notwithstanding the eulogium in which I cordially unite with the Senator from Ohio upon the framers of the Constitution, it is simply impossible, unless we attribute to the framers of this instrument the intellect of gods, that they in the thirteen original colonies, poor, struggling for existence, limited in their territorial area to the Atlantic seaboard, should ever have contemplated the immense country for which we are now legislating, and the enormous aggregation of wealth which startles and amazes the world. They undertook in the Constitution to meet contingencies, but here is one which beggars Aladdin's lamp in the reality that is before us and with us to-day. It is no reflection, then, upon their intellect or their patriotism to say that they could not have contemplated an emergency such as that which now rests upon the people of the United States.

Mr. President, I come back to the question, What is commerce? We have the power to regulate it, but we must first find what commerce is in order to exercise our legislative power. I shall not undertake to read the decisions of the Supreme Court of the United States, which are elementary law upon this subject. In the great case of Brown against The State of Maryland, which leads upon this subject, and to which every lawyer goes first, decided by the most eminent men who ever sat upon the bench in this country, and the equals of any in the world, the regulation of foreign commerce was declared to be the regulation of the importation and sale of articles brought from a foreign country before they had left the hands

of the importer and been broken as to the original package. I state crudely, but I think accurately.

The Supreme Court in that case settled the question of foreign commerce by declaring, as to the power of a State to tax foreign importations, that so long as the original package remained in the hands of the importer unbroken it was the subject of foreign commerce. When it left his hands and the package was broken, and the goods went into the common mass of the property of the people of the State, then the commercial clause of the Constitution as to foreign commerce ceased to operate.

Mr. President, apply that decision to the provisions of this bill. Here is one clause of the amendment which provides that if a corporation composed of citizens of different States does any act "with a view or which tends to prevent full and free competition in the importation, transportation, or sale of articles imported into the United States," this proposed law shall take effect.

Does the Senator from Ohio pretend that, after the importer has brought in the goods and the package has been broken and the merchandise has been mingled or commingled with the other goods of the people of the State into which the importation is made, under this clause of the Constitution we can enact such a law as is proposed? I take it that the statement of the case is sufficient to answer the proposition. But it is undertaken to get this jurisdiction under another clause of the Constitution. The bill proceeds:

Or with a view or which tends to prevent full and free competition in articles of growth, production, or manufacture of any State or Territory of the United States with similar articles of the growth, production, or manufacture of any other State or Territory, or in the transportation or sale of like articles, the production of any State or Territory of the United States into or within any other State or Territory of the United States.

I shall not repeat the argument, made by the Senator from Mississippi as lucidly and conclusively as any argument could have been made, that we have no power under any clause of the Federal Constitution to legislate as to any article simply because it is manufactured in any State of the Union and may be at some time carried to another State. That clause in the Constitution of the United States which affects interstate commerce, or, to speak more accurately, commerce among the States, has been defined by the Supreme Court in three leading cases to mean the power to regulate commerce in articles, whether manu-

factured in the State or not, after they have gone into commerce and are *in transitu* from one State to another.

The Supreme Court of the United States has decided that it is not for the manufacturer or the owner to say, "I intend these goods to go into another State." They must actually be *in transitu;* they must be in the hands of the common carrier, or in his depot or warehouse, with the impression distinctively made upon them that, to use the expression of one judge, they are dedicated to commerce among the States.

The Senator from Ohio makes the fatal mistake as a lawyer that, because goods manufactured in one State may be at some time or other taken into another, which as a matter of course is possible in every contingency, therefore he can invoke the general interstate commerce clause of the Constitution. He can not do it. If we pass this bill upon any such assumption and it goes to the Supreme Court of the United States, we shall simply be told that all we have done here is *vox et præterea nihil,* sound and fury, signifying nothing.

Mr. President, one year ago the Senator from Ohio struck the keynote as to all these trusts and combinations in the United States. It was in the expression made in this Chamber that whenever he was satisfied that any trust or combination was protected by a high tariff duty he would be in favor of reducing that duty. This is the remedy, and any other remedy, without an amendment of the Constitution of the United States, any remedy such as is proposed in this bill, will be absolutely nugatory and ineffectual.

The Senator from Ohio has drawn an eloquent picture of the operations of trusts in the United States. Sir, these trusts—and every intelligent man knows it, whether a legislator or a citizen—are protected by your high tariff, and are enabled to work their iniquitous purposes under that buttress which the tariff law erects around them.

We have been told in some directions that the trusts and combines have nothing to do with the tariff. Mr. President, that reminds me of a very suspicious old gentleman, who, when the Siamese twins were in this country, thought he would invest twenty-five cents in looking at this great natural curiosity. He was very suspicious and examined the ligament that bound them together, and he found in it the pulsation which indicated animal life to the fullest extent. He stepped back, still suspicious, and said to them, "Now, boys, tell me the truth; are you brothers?" [Laughter.] So with the connection between the trusts and the tariff.

William M. Stewart [Nev.] opposed the bill.

The difficulty in dealing with this question is well illustrated by hundreds of years of experience in Great Britain, where Parliament was supreme, where they could pass and enforce any law they pleased on this subject. They found after all this experience that such laws were simply hurtful, and so they passed an act repealing the law, changing the common law with regard to it, and leaving trade and commerce free.

The difficulty in the whole subject is in reaching any precise evil or defining the offence. If you say there shall be no combination the tendency of which shall put up prices, how far would that reach? It would reach to nearly every transaction in life and would be particularly oppressive upon the struggling masses who are making combinations to resist accumulated wealth. Accumulated wealth has the power to prosecute, and if the laborers combine in any form to protect themselves there will be means found of prosecuting them.

Suppose all the people of the different States should combine together and say, "We will stand against this Chicago combine that is attempting to get our produce for nothing," why would not they be liable to prosecution, the whole of them, if it were a constitutional law? But have they not a natural right to hold their products back until they can get a better price?

It is very probable that if this bill were passed the very first prosecution would be against combinations of producers and laborers whose combinations tend to put up the cost of commodities to consumers. It would be a weapon in the hands of the rich against the poor, and if you will trace the history of such legislation you will find that the experience of Great Britain was that such laws have always been turned against the people.

I believe that the true remedy against such trusts is that of counter combinations among the people. I believe in cooperation. Take, for instance, the most notorious trust in the West that there has been so much said about—the beef trust in Chicago. You can not reach that by such legislation as this. But suppose five thousand consumers in Chicago would form an association and supply themselves. Would not that break the trust? If you pass this proposed law, however, and such a combination were attempted in Chicago, it would be prosecuted the next day.

These evils of combination, of course, are great, but the question is, do they not grow out of civilization itself, the

foundation of which is organization, and without organization men would be savages? Should we not rather encourage organizations among the people to meet the grasping disposition of the favored few?

On March 25 John T. Morgan [Ala.] opposed the bill as a *brutum fulmen* (an idle thunderbolt), a "tub to the whale."

It is not expected that it will ever yield any fruit in the way of checking conspiracies or combinations or forestallings or regrating or any other of the crimes against the market which the old common law furnished us with rules for defining and punishing also.

Monopoly is an intricate question. It taxed the powers of the British Parliament with all of its omnipotence about two centuries to meet these combinations and conspiracies in trade and about trade, relating chiefly, however, to the material subsistence of the people, articles of grain and provisions and the like, and every once in a while we find the brush of oblivion drawn by the English Parliament across all these enactments; they are all swept from the statute books. Why? Because of the vain, futile effort on the part of legislators after all to do very much in controlling men in making their agreements.

We hear the argument made here, and I think it is a perfectly sound one, that the way to get rid of troubles in trade in the nature of conspiracies and combinations is to remove the temptation. We probably could not reach the Standard Oil conspiracy or combination, and several other various important trusts, as they are called, in the United States by a modification of our protective tariff, but it is very certain that we should reach 90 per cent. of them. As long as we enact these temptations in the statute book we can hardly denounce that as immoral or criminal which men do under our invitation.

There is a great deal of danger—I think I can see it in almost every direction—in legislating upon questions of this kind. The Senator from Nevada [Mr. Stewart] has called attention to a very important topic in this connection. I do not know of anything that has a greater or a more direct impression upon our foreign commerce and our interstate commerce than the price of labor. There are combinations among our laboring men of various different fraternities continually being made for the purpose of raising the price of labor. The price of labor when raised by combination—or, if you please

so to call it, by a conspiracy, or in the nature of a trust confided to the hands of some managing committee, some steering arrangement—combinations of that kind to raise the price of labor must necessarily increase the price of commodities in interstate commerce and international commerce, at least to the extent of the exports that we send abroad.

Labor is a commodity bought and sold every hour in the day. It is so much a commodity as that we forbid its importation here when it comes under contract; we treat it just as we would spurious medicines, or base coin, or something of that sort; we tax it as we do oleomargarine. We treat labor precisely as if it were a commodity, and it is a commodity that is imported into this country.

If we pass a law here to punish men for entering into combination and conspiracy to raise the price of labor, what is the reason why we are not within the purview of the powers of Congress in respect to international commerce? Who can answer the proposition as a matter of law?

There is a feature in this case that nobody has ever suggested, so far as I have heard, that has always struck me with a good deal of force. I think a proceeding *in rem* can be had under a libel for condemnation of goods, wares, and merchandise carried between the States, to seize, condemn, and confiscate goods that may have been manufactured under a conspiracy or bought and collected together under a conspiracy to control the markets. Why could not that be done? It seems to me that is as easy a way to get at it as any you could mention, certainly far better than the declaration of nullity of the contract or referring some poor fellow who bought ten pounds to a Federal court somewhere to recover double damages according to the percentage of loss he sustained in the amount taxed upon him through the conspiracy.

Mr. President, I belong to what is called the State-rights school of politicians, and in season and out of season, I suppose, I stand here for the purpose of trying to protect the States of this Union against encroachment on the part of the Federal Government. But, sir, in respect of this matter concerning trusts and combinations and conspiracies, I must say that I think the States are utterly derelict. They have the unquestioned power to handle and to punish every one of these conspiracies and combinations.

Why they do not do it is more than I can understand, unless I am prepared to accept the unpleasant allusion frequently made here that the legislatures and the authorities of the State govern-

ments have not the virtue to withstand the power of the great corporations. My judgment is that to average them they are just as honest as Congress is, and as little likely to be corrupted as Congress is, and I think it is the mere lethargy of the different governments, inspired by a too confident reliance upon the powers of Congress to remedy public evils, that is leading us to-day into this effort to do what the States themselves ought to do.

SENATOR SHERMAN.—How could the authorities of Alabama punish, say, a cotton-seed oil combination formed in New York?

SENATOR MORGAN.—When they came to Alabama and made a proposition to a man that unless he sold out they would establish their business and break him up they committed an offence against the laws of Alabama.

SENATOR SHERMAN.—They would probably send some poor clerk down there to make that declaration.

SENATOR MORGAN.—Suppose they did. Probably he would have better sense the next time if he served a short term in the penitentiary for it.

SENATOR SHERMAN.—Yes; all that Alabama could do would be to take the clerk and send him to the penitentiary.

SENATOR MORGAN.—It may be so, and we shall not get anybody but clerks practically out of this measure that the Senator from Ohio has put in here. All the big fish will escape. The little fish are the men who will have the trouble. There will not be a suit brought in twenty-five years to come under the bill of the Senator from Ohio, if it becomes a law. This bill is a good preface to an argument upon the protective tariff when that comes up: "We have sunk the trust question out of sight by a bill that has smothered it for the present."

SENATOR SHERMAN.—Why could not the man in Alabama sue the combination in the courts of the United States and make them pay for all the damages he suffered?

SENATOR MORGAN.—He would find, as everybody else would find under the bill of the Senator, that it is cheaper not to sue.

Senator Morgan moved that the bill be referred to the Judiciary Committee, as in his opinion it was constitutionally and practically unsound.

ZEBULON B. VANCE [N. C.].—Mr. President, I never have a bill in which I feel any interest referred to this grand mausoleum of Senatorial literature, the Judiciary Committee, without feeling that I have attended a funeral. This occasion

is no exception to that feeling. The grand air of magisterial dominion which surrounds those gentlemen who constitute that committee, the awful profundity and gravity with which they are enveloped, naturally tend to produce a funereal impression upon a serious mind, and the whole atmosphere seems to me resonant with the strains of that familiar old hymn:

> Hark! from the tombs a doleful sound;
> Mine ears attend the cry.
> Come, living men, and view the ground
> Where your bills must shortly lie.

[Laughter.]

Mr. President, I feel an interest in this bill. I feel that one class of the community in this American country of ours has not partaken of the general prosperity which the country has enjoyed for the last twenty years. A step has been taken to remove some of the obstructions to this prosperity which a portion of our fellow-citizens fail to enjoy. It may not be the proper step; there may be a better step, but it is a beginning, at all events.

Mr. President, I think if it were not so late in the evening and the Senate would give me its patient attention that I could demonstrate the fact that if a man desired to go to any given point he must start, and that he never would get there until after he did start, and my opinion is that we never shall get a bill for the suppression of the trusts and combinations which oppress a large portion of the American people so long as we consign all of our bantlings to the fostering care of the Judiciary Committee. I say it with all due respect to that great committee, of course. I am a man too cautious of my personal safety to desire to do anything that would bring upon me the enmity or the disregard of that august body. [Laughter.]

So, if it is the determination of the Senate to send this bill to the Judiciary Committee, to deliver the child for nurture to the persons having most interest in its death, I shall have sorrowfully to submit myself to that state of things, but I hope I may be pardoned for saying that I feel a good deal as we are given to understand the Apostle Paul felt when he took leave of the elders at Ephesus.

> They all wept sore and fell on Paul's neck, sorrowing most of all for the words which he spake, that they should see his face no more.

I am satisfied, sir, that when this bill does come back it will be so mutilated that it will have everything that can

possibly be of any benefit to the people of this country so entirely eliminated and eradicated that it will for practical purposes not be worth the paper that it is written upon, and the country will so accept it. The country knows the receptacles where we deposit our dead by this time. We can no longer hope to conceal them.

I heard of a Senator who once occupied a seat in this body who boasted that he was no milk-and-cider man, that he was a man of decision on all subjects. Said he, "When a question comes up before me I either vote for it or I vote against it, or I squat like a man." [Laughter.] Mr. President, the country has found out that when we desire the death of a bill and are not particularly anxious to put ourselves on record as having directly struck the blow which caused the demise, we refer it to the Judiciary Committee [laughter], where it sleeps the last sleep known to the literature of this Senate.

By a vote of 15 yeas to 28 nays the motion of Senator Morgan to refer the bill to the Judiciary Committee was defeated.

John H. Reagan [Tex.] had offered an amendment to the bill, providing that a person violating a provision of the act be fined not more than $10,000 or imprisoned not more than five years, or suffer both penalties, and that each day's violation be held a separate offence.

This was passed by a vote of 34 to 12.

Senator Sherman moved a proviso offered by Senator George, excepting from the application of the bill combinations between laborers for lessening hours of labor or increasing wages, and combinations between farmers for enhancing the price of their produce. This was agreed to.

An amendment offered by Senator Reagan that any person injured by a trust might sue in a State as well as Federal Court was agreed to.

An amendment offered by George F. Hoar [Mass.] that trusts formed in different States, as well as the same State, be punished was agreed to.

John J. Ingalls [Kan.] offered an amendment penalizing dealers in "options" and futures. It was agreed to.

Richard Coke [Tex.] offered an amendment of the

nature of a substitute, penalizing persons connected with organizing trusts in the Territories, or conveying thither from a State where trusts are prohibited the products of these unlawful combinations. It also authorized the President to suspend duties on trust products.

Senator Coke supported his bill.

You may take the bill of my colleague [Senator Reagan], you may take the bill of the Senator from Ohio [Mr. Sherman], examine them and test them under the rulings of the Supreme Court which we have heard cited here, and they are clearly and, as it seems to me, grossly unconstitutional. I want a bill that will stand. I want a bill that shall not be a promise to be broken, that shall not be a delusion and a sham.

Mr. President, the bill of my colleague is infinitely better and stronger than that of the Senator from Ohio. There is greatly more force and vitality in it, and yet I challenge any man to answer the arguments which can be made against its constitutionality. If you read the different propositions contained in the first, second, third, fourth, and fifth clauses they are plausible, but will not bear analysis or close inspection.

We are all working for the same end. We are all desiring the same purpose. We all want a bill that will accomplish some good, that will relieve the people of the robbery being perpetrated on them, one that the Supreme Court will sustain, and hence we have been offering amendments and suggestions with reference to the subject.

The measure which I have offered I believe to be clear of any constitutional objection. I believe it would be sustained by the Supreme Court. It coöperates with the States, it invokes the power and authority of the States in their own behalf, and does not act upon a State except in aid of her own action.

If there is a State that has not acted, the people of that State will see that they should act in order to get the benefit of the protection of this law if it shall be passed by Congress. If they want the protection, they will enact statutes on this subject.

We have all seen that Congress has not the power to deal fully with this subject. My amendment exhausts the power of Congress, and then uses all the aid the States can give in order to carry out its purpose.

Senator Coke's substitute was laid on the table by a vote of 26 to 16.

On March 27 the bill was referred to the Committee on Judiciary by a vote of 31 to 28.

The committee reported on April 2. Its bill was as follows:

Section 1. Every contract, combination in the form of trust or otherwise, or conspiracy in restraint of trade or commerce among the several States or with foreign nations is hereby declared to be illegal. Every person who shall make any such contract or engage in any such combination or conspiracy shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding $5,000 or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

SEC. 2. Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons to monopolize any part of the trade or commerce among the several States or with foreign nations, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding $5,000 or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

SEC. 3. Every contract, combination in form of trust or otherwise, or conspiracy in restraint of trade or commerce in any Territory of the United States or of the District of Columbia, or in restraint of trade or commerce between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or with foreign nations, or between the District of Columbia and any State or States or foreign nations is hereby declared illegal. Every person who shall make any such contract or engage in any such combination or conspiracy shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding $5,000 or by imprisonment not exceeding one year, or by both said punishments in the discretion of the court.

SEC. 4. The several circuit courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of this act, and it shall be the duty of the several district attorneys of the United States in their respective districts, under the direction of the Attorney-General, to institute proceedings in equity to prevent and restrain such violations. Such proceedings may be by way of petition setting forth the case and praying that such violation shall be enjoined or

otherwise prohibited. When the parties complained of shall have been duly notified of such petition the court shall proceed, as soon as may be, to the hearing and determination of the case, and, pending such petition and before final decree, the court may at any time make such temporary restraining order or prohibition as shall be deemed just in the premises.

SEC. 5. Whenever it shall appear to the court before which any proceeding under section 4 of this act may be pending that the ends of justice require that other parties should be brought before the court, the court may cause them to be summoned, whether they reside in the district in which the court is held or not; and subpœnas to that end may be served in any district by the marshal thereof.

SEC. 6. Any property owned under any contract or by any combination or pursuant to any conspiracy (and being the subject thereof) mentioned in section 1 of this act, and being in the course of transportation from one State to another, or to a foreign country, shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure, and condemnation of property imported into the United States contrary to law.

SEC. 7. Any person who shall be injured in his business or property by any other person or corporation by reason of anything forbidden or declared to be unlawful by this act may sue therefor in any circuit court of the United States in the district in which the defendant resides or is found, without respect to the amount in controversy, and shall recover threefold the damages by him sustained and the costs of suit, including a reasonable attorney's fee.

SEC. 8. That the word "person" or "persons" wherever used in this act shall be deemed to include corporations and associations existing under or authorized by the laws of either the United States, the laws of any of the Territories, the laws of any State, or the laws of any foreign country.

Amend the title so as to read: "A bill to protect trade and commerce against unlawful restraints and monopolies."

The bill came up in the Committee of the Whole on April 8, and was passed by a vote of 52 to 1, Rufus Blodgett [N. J.] being the sole voter in the negative.

The House referred the bill to the Committee on Judiciary, which reported it on April 25. It came up for action on May 1 and, by the operation of the House rules,

was forced to a vote on that day. The bill was amended and passed on May 1.

The bill as amended was referred in the Senate to the Committee on Judiciary. It reported it with further amendments in which the House refused to concur. Two conferences were held before an agreement was reached (on June 18) that the two Chambers recede from their respective amendments. The conference report was unanimously adopted on June 20, and President Harrison approved the act on July 2, 1890.

CHAPTER II

CONTROL OF THE TRUSTS: BY NATION OR STATES?

[PROPOSED CONSTITUTIONAL AMENDMENT AND LITTLEFIELD BILL]

John J. Jenkins [Wis.] Proposes in the House Constitutional Amendment Giving Congress Control of Trusts—Charles E. Littlefield [Me.] Introduces Bill in the House to Amend Sherman Anti-Trust Act—Debate on the Amendment (Incidentally on the Bill): In Favor, John Dalzell [Pa.], George W. Ray [N. Y.], Mr. Littlefield; Opposed, James D. Richardson [Tenn.], Joseph W. Bailey [Tex.], William L. Terry [Ark.], Samuel W. T. Lanham [Tex.], John W. Gaines [Tenn.], B. T. Clayton [N. Y.], David A. De Armond [Mo.], Samuel W. McCall [Mass.]—Amendment Is Defeated; House Passes Bill; It Is Committed in the Senate.

ON January 26, 1900, John J. Jenkins [Wis.] proposed in the House a constitutional amendment empowering Congress to pass laws regulating combinations in trade. It was referred to the Committee on Judiciary, which reported it, with amendment, on May 15.

On April 7, 1900, Charles E. Littlefield [Me.] introduced in the House a bill to amend the Sherman anti-trust law of July 2, 1890. It was referred to the Committee on Judiciary, which reported it, with amendment, on May 16.

On May 31 the Committee on Rules proposed that the constitutional amendment be discussed that day and the next, when it should be brought to a vote, without amendment, and that then the Littlefield bill be taken up and discussed until 4 p. m., June 2, when the vote should be taken. This recommendation was adopted by a vote of 141 to 118. As a consequence there was virtually one continuous debate on the general subject.

The Amendment submitted by the majority of the Judiciary Committee was as follows:

1. All powers conferred by this article shall extend to the several States, the Territories, the District of Columbia, and all territory under the sovereignty and subject to the jurisdiction of the United States.

2. Congress shall have power to define, regulate, prohibit, or dissolve trusts, monopolies, or combinations, whether existing in the form of a corporation or otherwise. The several States may continue to exercise such power in any manner not in conflict with the laws of the United States.

The minority presented a report the nature of which will transpire in the debate.

Trust Control by Congress

House of Representatives, May 31-June 2, 1900

James D. Richardson [Tenn.] opened the debate.

Mr. Speaker, we are confronted by a somewhat unique condition here. The Republican party came into control of the Government on the 4th of March, 1897. They placed in the White House their President; they have had the Senate and they have had the House of Representatives since that day. Within eleven days after that time the President convened Congress in extraordinary session, the object being, as stated in his message, to repeal the then existing law and to pass a new revenue law. Notwithstanding the party had won the canvass the preceding year upon the monetary issue, Congress was convened to legislate upon the tariff. The result of that session was the passage of what is known as the "Dingley bill," which I state here in my opinion has done more to create, foster, and propagate trusts than any other bill put upon the statute book in our history.

Mr. Speaker, that was in the Fifty-fifth Congress. That entire Congress, three sessions, passed into history and not one step was taken by the dominant party to legislate to protect the country from the injurious effects of trusts. No statute was altered or changed. The Fifty-sixth Congress commenced to sit last December, and now, after six months, in the dying hours of this session of Congress, after we have already passed

a resolution to adjourn within less than one week from this hour, we are presented with this resolution from the Committee on Rules bringing us to the consideration of a constitutional amendment.

The independent papers, as well as party organs, have all characterized the effort now being put forth by the dominant party in respect to this proposed amendment, and they all unite in saying the only object is to make cheap political party capital.

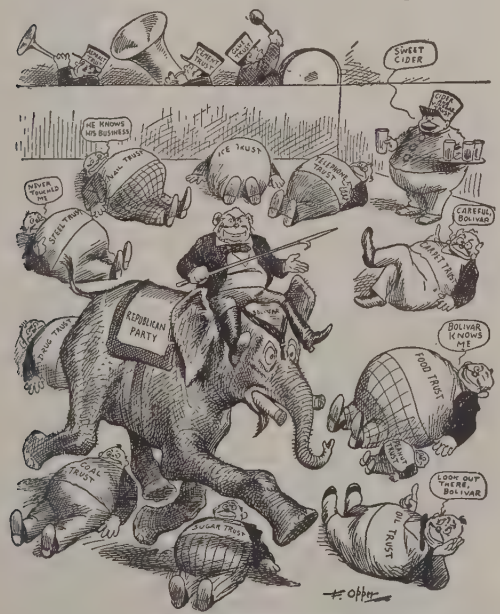
Mr. Speaker, I undertake to say that the country will not be fooled by this legislation. The Democratic party has taken action in respect to this matter of trusts. We will vote for any proper constitutional amendment to the end, if one be necessary. We are ready to vote even for the bill now pending, if we can do no better, in order to put something on the statute books to enable Congress to do, and the States to do, what is necessary to suppress trusts, but this constitutional amendment presented to us will not, in the opinion of the Democratic party, serve that purpose. On the other hand, we have solemnly decided as a party that it will have the opposite effect.

It will, in our judgment, take away from the States the power which they now possess to suppress trusts, or at least greatly impair that power in the States. The most effectual remedy so far for the suppression of trusts, and their control and regulation, has been in the States. Mr. Speaker, this constitutional amendment, if passed, will serve to excuse Congress from acting and break down the power of the States to control these trusts. I trust every Democrat who loves constitutional law and order, who believes in the rights of the State, will stand with his party here and vote down this constitutional amendment. [Applause on the Democratic side.]

Joseph W. Bailey [Tex.] also opposed the Amendment.

That you can never put this amendment into the Constitution of the United States is plain to every thinking man. You have purposely drawn it so that three-fourths of the States can never be induced to adopt it. You know as well as we do that no State in this Union that believes in the preservation of the right of local self-government will ever vest in the Congress of the United States the power to come within its borders and take control of its domestic industries. [Applause on the Democratic side.] You know that the trusts understand

that there is not the remotest danger to them in this constitutional amendment. If you had sincerely desired to make it a part of our organic law, you could have accomplished your object by a very slight amendment. If you had merely added to the phraseology which it now contains, and, after enumerating the trusts, combinations, and monopolies which Congress should



THE GREAT REPUBLICAN CIRCUS
Cartoon by F. Opper in the Hearst papers

have the power to dissolve, you had merely added the words "engaged in commerce among the several States or with foreign

nations," you would have received every vote on this side of the Chamber and the sanction of every sovereign State in this Union. [Applause on the Democratic side.]

For one, I will never vote to vest in the Congress of the United States the power to deny the State of Texas the right to define and punish her own domestic conspiracies against her own trade. If she has a corporation that in her wisdom ought to be permitted to engage in a given business, the States of Illinois and Pennsylvania ought to have no right to say her nay. If there be one that in her own imperial will she desires to crush, the States of Pennsylvania and New York have no right to stay her arm. Your safety consists in the fact that whenever an article of merchandise or manufacture produced within her borders is loaded upon a train or ship to become the subject of interstate or foreign commerce, then the power of Congress attaches. If you will limit the power of Congress over these organizations to those engaged in interstate and foreign commerce, which is as far as Federal jurisdiction ought to extend, you can pass your amendment by a unanimous vote; and I venture to record the prophecy here that, if you do not amend it in some such sensible manner, it can never become a part of the Constitution of the United States.

There are two ways to encourage crime. One is to close your eyes against the existence of it, and another is to propose an impracticable and impossible method of its punishment. You have chosen to do the latter, and you have chosen deliberately, because nobody doubts that you know exactly what you are doing. I have many times doubted your sincerity, I have sometimes doubted your absolute political integrity, but I have never doubted your ability. You may sometimes be hypocrites, and a few of you may sometimes be rascals, but none of you are ever fools, and you knew your purpose when you framed this amendment so as to prevent its adoption. [Laughter and applause on the Democratic side.]

John Dalzell [Pa.].—Mr. Speaker, there is no political party in this country, nor any individual who has any care for his political future, who is not against the trusts. [Derisive laughter on the Democratic side.] The difference between the two parties or the three parties upon this subject is that the Democratic party and the Populist party confine their opposition to trusts to mere speech. The Republican party addresses itself to legislation. [Applause on the Republican side and manifestations of derision on the Democratic side.] The interstate commerce law is the product of Republican legislation.

The Sherman anti-trust law of 1890 is the product of Republican legislation. When in 1892 the Democratic party entered the field for the presidency, and nominated Grover Cleveland for President, it declared in its platform:

> We recognize in the trusts and combinations, which are designed to enable capital to secure more than its just share of the joint product of capital and labor, a natural consequence of the prohibitive taxes which prevent the free competition which is the life of honest trade, but we believe their worst evils can be abated by law, and we demand the rigid enforcement of the laws made to prevent and control them, together with such further legislation in restraint of their abuses as experience may show to be necessary.

And yet for four years the Democratic party, in control of legislation, entered upon no legislation in further repression of trusts, and, being in control of the executive departments, took no steps to enforce the law that a Republican Congress had put upon the statute books. [Applause on the Republican side.] The great Populistic leader, after whom the Democratic party trails to-day, on the stump and at the trust conference in Chicago, declared that a constitutional amendment ought to be passed putting in the power of Congress the regulation of trusts, concurrently with the States.

He said:

> As to the constitutionality of such a law my thought is that Congress should enact it, and if it should be declared unconstitutional by the Supreme Court, then I am in favor of so amending the Federal Constitution as to give Congress the power to destroy every trust in the country.

[Applause on the Republican side.]

But when we come here to-day and offer you the remedy suggested by your own leader, the leader upon that side of the House addresses himself in impassioned terms to his Democratic colleagues to stand together and oppose this proposed legislation. You say that we are hypocrites; that we are not acting in good faith. Why, we are exercising every power that is within our reach to put upon the statute books that which we believe will end the power of these great combinations.

The remedy proposed by the gentleman from Texas in respect to interstate commerce is a remedy that already exists. The Supreme Court of the United States, on several occasions, in several cases, have declared that with that remedy alone Congress is powerless to resist these trusts, and so now, following those decisions, following the way pointed out, we propose

to remedy the evil by this new legislation. The gentleman from Texas [Mr. Bailey] says the trusts are not frightened by this proposed legislation. The trusts are not frightened because they know that between them and the proposed legislation in solid phalanx stands the Democratic party in their protection. [Applause on the Republican side.]

I conclude, Mr. Speaker, as I began. The fundamental difference between you gentlemen on that side of the aisle and us upon this side of the aisle is that you believe in mere demagoguery upon the stump. We believe in effective legislation upon the statute books. [Applause on the Republican side.]

George W. Ray [N. Y.], of the Judiciary Committee, supported the Amendment.

The necessity for this proposed amendment grows out of the fact that the Supreme Court of the United States has decided that the word "commerce" as used in the Constitution does not include manufacture or production within its legitimate meaning. All articles of commerce are subjects of commerce, but not a part of it. Therefore the constitutional provision, section 8, Article I, that "The Congress shall have power . . . to regulate commerce with foreign nations, and among the several States, and with the Indian tribes," gives Congress no power whatever over corporations, combinations, associations, or conspiracies organized or formed for the purpose of monopolizing manufacture and production, or which by illegal means do monopolize manufacture and production and so control prices, really dominate commerce, and wring unjust exactions from the people.

Combinations or so-called trusts formed for monopolistic purposes may be classified as follows:

1. Those created by a union or a combination of two or more corporations, associations, or companies.

2. Corporations or associations that have acquired control of other corporations or companies by purchasing their stock or by having their stockholders of the central corporation or association purchase the stock, etc., of the other corporations or companies, and so bringing all under the control of the same persons.

3. Corporations or associations which purchase the plants, including the real estate, personal property, stock in trade, and good will of a number of corporations, firms, or individuals engaged in a particular branch of business.

In the first class mentioned the stock of the combining corporations or associations is usually transferred to a board of directors or trustees. In lieu of the stock surrendered to this board the stockholders receive trust certificates. These directors or trustees thus become clothed with the absolute control of the entire business of the combination. They represent the holders of the stock certificates and are answerable only to them.

The second class mentioned is quite similar to the first. The effect is the same, but this form of combination is resorted to to escape the holdings of the courts that corporations can not enter into partnership. But few, if any, of the first class remain.

The third class referred to is even more dangerous than the others. When the mother corporation or association in the manner referred to gets hold of the stock, plants, property, etc., of the others, payment therefor is made in the stock or certificates of the corporation or association. The business is then carried on with reference to the interests of all. The mother corporation or association holds the legal and equitable title of all the property of all the corporations and companies brought in, and all the plants may be run at the same time or only one or more may carry on operations, and so the output of that business throughout the entire Union, and consequently the price, is controlled by the directors of this mother corporation or association or "combine."

It is readily seen that the purpose of such a combination is to limit production, where such limitation is profitable to the stockholders, as well as to create a monopoly and control prices.

These or similar combinations can be made by joint stock companies and even by partnerships, although there is more difficulty in forming and sustaining such combinations.

It is readily seen how powerful these combinations with unlimited capital become. Care is taken to have the stock owned by men of wealth and influence in every State of the Union so far as possible, by the editors and owners of leading newspapers, and by men of both political parties, and the result is that the political influence wielded by such a combination is sufficient many times to prevent in a State, or possibly in several States, the enactment of any law restraining, controlling, or prohibiting the combination.

No one can deny with reason that all such combinations tend to the creation of monopolies and result in the control

of production as well as prices, and that therefore their existence is against public policy.

This was held in substance in:

State *vs.* Standard Oil Company, 49 Ohio St., 138.

Aggregated capital in the hands of corporations and combinations honestly formed and conducted is the friend of labor and of all mankind. So formed, they are desirable, and, in fact, indispensable. Modern civilization demands their existence. What is the Government itself but a vast corporation, an aggregation of millions of people and billions of wealth. Thus organized, it becomes a vast power for good in the world. Each enfranchised citizen is a director and every citizen is a stockholder. Unorganized, the people would accomplish nothing. Aggregated capital in honest hands and applied by intelligent minds has reared and sustained institutions of learning, affording opportunities for intellectual development and culture which, embraced by thousands, have given to the world inventive and mechanical genius in its most finished form.

Aided by this, combined capital has applied itself to the improvement and uplifting of mankind. The result has been that our country is united with a network of railroads, affording easy and speedy means of communication; the business man in Boston converses with his agent or co-worker in San Francisco; ocean has been connected with ocean; continent with continent, for purposes of communication, and, utilizing great discoveries made possible by it, combined capital has brought education and the comforts and many of the luxuries of life to the doors of all. Capital has erected and endowed charitable institutions throughout the land, and thereby alleviates human misery. Combined capital, encouraging and utilizing modern improvements, has erected great factories, employed labor, builded cities, created markets for farm products, and added to the industrial, intellectual, and moral wealth of our country. [Applause.]

It is not the existence, but the abuse of corporate powers and combined capital that merits condemnation or denunciation and calls for remedial legislation. When combined capital in any hands abuses its legitimate powers, becomes oppressive, or assumes the form of gigantic monopolies, it becomes detrimental and dangerous to the nation. It then affects injuriously every citizen, unless it be the very few who fatten at the expense of the many. It then becomes greedy, extortionate, monarchical in its tendencies and practices, and invades the political field and legislative halls, and corrupts, or seeks to corrupt, both.

The mere denunciation of these combinations, monopolies, and conspiracies by the press, on the floors of Congress, or in party platforms neither prevents their organization, operations, nor the evils flowing from their existence.

How frequently do we hear the demagogue in Congress and elsewhere denouncing trusts, monopolies, and conspiracies in speeches, but obstructing and opposing the consideration of legislation designed to suppress them.

In season and out of season, sometimes when relevant, but always when irrelevant, we have heard denunciations of the Administration, of party policy, and of trusts and combinations, always accompanied with assertions that the Republican party is responsible for and the protector of trusts. Accused of not doing anything, not intending to do anything, we were met at the very outset of active legislation to control and repress these illegal monopolies with Democratic objection, even to consideration of the subject. We have adopted a course of procedure that will compel the minority members of this House to register themselves in favor of this resolution, and therefore against trusts, combinations, and monopolies, or against the resolution, and therefore in favor of them and in favor of their continuing operations.

Equally groundless and untrue is the insinuation of the Democratic minority that they were excluded from the consideration and framing of the proposed legislation. The subcommittee, consisting of four Republicans and three Democrats, was appointed and directed to report. Days passed, to enable every gentleman opportunity to formulate and present his views. The subcommittee was called together and all given full opportunity to present proposed measures. But, aside from the presentation of the majority measures, but little, if anything, was presented, except words and denunciation of proposed legislation and lengthy advocacy of the doctrine of "State rights."

It is noteworthy that the "views of the minority" contain no substitute for, propose no amendments to, the joint resolution; do not deny our legal contentions or conclusions; do not assert that efficient laws can be enacted by Congress under its present constitutional powers. The main argument, if dignified by that name, is that under the proposed amendment the States are called upon to surrender some of their power. At the same time the monopolies are referred to as "the growing and most burdensome evil, popularly known as the trust." The minority also concedes that there "is a loud and imperative

call." But the "views of the minority" propose no response to that call.

It is true that it is urged that the protective tariff is responsible for the existence of monopoly, and that free trade will remedy the existing evils. But this amounts to little more than denunciation of a system advocated and established by the Republican party. It is but a repetition of the stale and oft-refuted charge that protective tariffs are onerous and destructive of the prosperity of the country. It is also true that the "views of the minority" complain that the proposed amendment does not leave the States free to legislate in opposition to Congress, annul its laws. "Concurrent jurisdiction" is what is wanted, so that if a State can get ahead in its legislation the rule may be applied that "first come, first served"; the one first taking jurisdiction shall hold it.

But all this trash of "views" is intended as denunciatory of the proposition of the majority to control and repress combinations and monopolies operating to the injury of the people and of the country. It is not designed to throw light on the subject or suggest wise action. The whole tenor of the "views of the minority" is in that vein of sarcasm, abandoning truth or reason, for which some writers are noted. It is a mere attempt to give an excuse for preventing the adoption of this joint resolution, if possible, by drawing the State rights lines taut on the party. The minority well know that two-thirds of each House must vote in the affirmative or action will fail.

Mr. Ray then discussed the question of the power of the States in regard to the trusts.

The States can not protect themselves against monopoly, combinations, and conspiracy to monopolize manufacture and production and fix and control prices, for the following reasons:

1. The State has no power whatever over interstate commerce; interstate transportation of persons or property.

2. The State has no power to prevent the corporation, associations, companies, or citizens of another State from coming into it and doing business therein if engaged in interstate commerce.

3. No State has power over the corporations, associations, companies, or citizens of another so long as they remain outside of her territorial limits.

4. No State has power to prevent the sending or bringing

into her limits the manufactures or products of corporations, associations, companies, or individuals, organized, doing business, or residing in another State, for use, even with the consent of Congress, or for any other purpose without such consent.

5. No State can prevent the purchase or control of the stock, property, etc., of its corporations, associations, companies, or citizens by those chartered, organized, or residing in another State.

The result is that a monopoly existing in one State and controlling the production, ownership, and price of an article of general use and necessity may, unless Congress intervenes when sent for (and the State legislature controlled by the monopoly may not ask the interference of Congress), send its productions into every State and supply the market there. The only way by which a State can protect her citizens against the unjust exactions of such a monopoly, combination, or conspiracy is to obtain laws on the part of Congress and supplement them by laws of her own, denying the citizens the power to purchase such articles in the State. This denies to the citizens the right to purchase in the State, but not the right to purchase of the monopoly without the State and send the articles into the State for use.

Only twenty-five of the forty-five States have anti-trust and anti-combination laws denouncing such combinations, conspiracies, and monopolies, and the result is that they flourish in some of the States and even meet with protection and encouragement by the legislatures. It is true that in creating a corporation or corporations the legislature of a State may forbid it to enter into any such combination or conspiracy, but it can not prevent its stockholders from selling their stock and thus passing under the control of a corporation or combination existing in another State. It is apparent, then, that capitalists desiring to monopolize any manufacturing business may incorporate under the laws of a State imposing no restrictions and, under the protection of that charter, monopolize a particular business throughout the Union.

In the exercise of the police power a State may say that certain articles shall not be sold because their use or consumption is detrimental to the citizens and consequently to the State. But can it prohibit the use of such articles by the citizen if in such use he interferes with no other person, injures no one but himself? If, then, a citizen has the constitutional right to bring intoxicating liquors into the State of his residence

for his personal use (and if it be a constitutional right, the State and, perhaps, the United States can not interfere to prevent), the State can not, even with the consent of Congress, prohibit the introduction for use by the citizens of a State of the products of a monopoly or combination existing in another State, especially if such products be necessaries of life or articles of daily or frequent use and necessary for the prosecution of a lawful business or lawful occupations.

Can it be claimed that such power exists in Congress as incidental to the right to regulate commerce? No, for such action does not regulate commerce, but prohibits it. Can it be justified as a national police power? Perhaps; to come within the police power of a State or of the United States, the act need not relate to the public health, the public morals, or the public safety, but may "increase industries and develop resources." (Barbier *vs.* Connolly, 113 U. S., 27.)

This power to monopolize manufacture and production or the sale of articles of commerce is of the highest interest to the general Government itself.

In times of war sudden emergencies arise, and if any corporation or combination is permitted to so monopolize manufacture or production or control prices, the Government itself may be compelled to submit to unjust exactions and great inconveniences when purchasing supplies for its armies.

Every consideration of public policy demands that Congress have power to regulate, repress, and dissolve all such combinations and monopolies and leave competition open and free. If it would be improper and unwise to create monopolies by law, it is unwise to permit their existence and most unwise to leave the general Government without power to regulate and repress them.

I assert that the Congress of the United States should have the power to maintain an open field for honest competition in all industrial enterprise and occupation throughout the entire Union; that in efforts to accomplish this we should not be compelled to act by indirection, or resort to methods of questionable expediency or to legislation of doubtful constitutionality. I assert that when corporations or associations of individuals so conduct their business as to become a menace to the welfare of the people generally throughout this Republic, or in the territory belonging thereto, the Congress of the United States, representing that people and answerable to them, should possess the constitutional power to control, repress, and dissolve the illegal and dangerous organization. [Applause.]

William L. Terry [Ark.] opposed the Amendment as intended by the Republicans not to be enacted but to serve simply as political capital.

PROMISE AND PERFORMANCE

Cartoon by Bradley in the "Chicago News"

Even now the trust magnates who fill your campaign coffers are laughing at the high antics you are cutting up. [Applause on the Democratic side.]

Mr. Terry then spoke against the Littlefield bill. Of the Sherman law, to which it offered amendment, he said:

It is a curious commentary on a law against monopolies and trusts that it has found its most numerous victims in the ranks of those who are themselves the victims of trusts and

monopolies. I can not believe that it was the intention of Congress to have this law applied to laboring men, as the courts have applied, and at least one Federal judge, reviewing the whole history of its enactment, has ruled that it was never intended to be so applied (see case of United States *vs.* Patterson, 55 Fed. Rep., 641), and the United States Supreme Court, in the Debs case, expressly refused to rest their decision upon its applicability to such a case. But other Federal judges have directly held that it was applicable. (See United States *vs.* Workingmen's Amalgamated Council, 54 Fed. Rep., 994.)

To relieve the law of such construction this amendment has been offered. The main amendment the committee offer to the Sherman law is to increase the punishment upon criminal convictions, but what trust magnate, agent, or officer has ever been put behind the bars? We have no doubt but that every trust magnate, and all their officers and agents, will "tremble in their boots" when they learn that a Republican Congress proposes to increase the punishment for criminal convictions under the Sherman anti-trust law.

Samuel W. T. Lanham [Tex.] opposed the Amendment and the bill.

Mr. Speaker, I can not give my approval to any proposition that may deprive the States of any power they now possess—to take away from them any rights which the fathers thought they ought to retain and enjoy, or to impair that eunomy which adorns the best and grandest instrument ever "struck off by the hand of man." Power is always aggressive. The tendency of the Federal Government is to magnify itself and extend its dominion. The hope of the country rests in the vigor, the energy, the development, the upbuilding of the States.

Mr. Jefferson has left on record for our guidance and for the instruction of generations yet to come, as an essential principle, "the support of the State governments in all their rights, as the most competent administration for our domestic concerns and the surest bulwarks against anti-Republican tendencies." The liberties of the people have found, and will continue to find, their best refuge within the "sacred circle" of the States. That refuge has been and will always be

> Our ready help in ages past,
> Our surest hope for years to come,
> Our shelter from oppression's blast—
> The freeman's ever welcome home.

The indissolubility of the Union has been firmly established. Let the indestructibility of the States be forever maintained, and may their autonomy never become less! [Loud applause.]

John W. Gaines [Tenn.] quoted a portion of a speech delivered by William J. Bryan at a trust convention held in Chicago on September 13-16, 1899.

A Plan to Curb the Trusts

William J. Bryan

My plan is this: First, that the State has, or should have, the right to create whatever private corporations the people of the State desire.

Second, that the State has, or should have, the right to impose such limitations upon an outside corporation as the people of the State may think necessary for their own protection. That protects the right of the people of the State to say, first, what corporations they shall organize in their State, and, second, what corporations they shall permit to come from other States to do business in their State.

Third, that the Federal Government has, or should have, the right to impose such restrictions as Congress may think necessary upon any corporation which does business outside of the State in which it is organized.

In other words, I would preserve to the people of the State all the rights that they now have, and at the same time have Congress exercise a concurrent remedy to supplement the State remedy.

When the Federal Government licenses a corporation to do business outside of the State in which it was organized, it merely permits it to do business in any State, under the conditions imposed by that State in addition to the conditions imposed by the Federal Government. I would not take away from the people of the State any right now existing, but I would have the Federal Government and the State government exercise the powers that may be necessary to annihilate every monopoly.

I do not agree with the gentleman that you can not annihilate a monopoly. I believe it is possible to do so. While the gentleman was speaking, I could not help thinking of the lines of a song. While he was destroying every remedy suggested, and yet presenting no other, I thought of the lines:

> "Plunged in a gulf of deep despair,
> Ye wretched sinners lie."

Now, it is a great deal easier to find fault with a remedy proposed than to propose a remedy which is faultless. Macaulay —I think he is the author of the remark—has said that, if any money was to be made by disputing the law of gravitation, able men could be found to write articles against the truth of that law. I have no doubt that any remedy that is proposed will be assaulted. But those who believe that the trusts must go will accept the best remedy they can find, try it and then accept a better one, if a better one is proposed, and keep on trying until the people are protected.

I am sure that the Constitution would prohibit such an act of Congress as I suggest. Suppose that Congress should say that whenever a corporation wants to do business outside of the State it must apply to and receive from some body, created by Congress for the purpose, a license to do business. Suppose the law should provide three conditions upon which the license could be issued:

1. That the evidence should show that there is no water in the stock;
2. That the evidence should show that the corporation has not attempted in the past and is not now attempting to monopolize any branch of industry or any article of merchandise; and
3. Providing for that publicity which everybody has spoken of and about which everybody agrees.

Suppose that is done. Who is here to say that such a law would be unconstitutional? The Supreme Court, in deciding the Knight case, did not say that a broader law than the present one would be unconstitutional. It is true there are things in the decision which suggest that, but until that question is presented to the court you can not say that the court has passed upon it.

It is also true that Justice Harlan, in his dissenting opinion, assumed that a broader law would be held unconstitutional, but no one has a right to say that, if such a law as I suggest were passed and reviewed by the Supreme Court, it would be held unconstitutional. But, suppose the law is passed and held unconstitutional, *then we can amend the Constitution.*

The gentleman suggests that it is a difficult thing to get two-thirds of both Houses and three-fourths of the States to favor such an amendment.

That is true; it is a difficult thing, but if the people want to destroy the trusts they can control two-thirds of both Houses and three-fourths of the States. But what is the alternative? sit down and do nothing? Allow them to trample upon you, ride roughshod over you, and then thank God that you still have some life left? The people are told to be contented, but I think contentment may be carried too far.

I heard of a man once who had been taught to be contented with his lot, and finally became very poor and traded off his coat for a loaf of bread. Before he had a chance to eat the bread a dog came along and snatched it away from him. The unfortunate man felt a little indignant at first, but finally that feeling of contentment came back to him, and, as he watched the dog turn around a corner in the road carrying the bread away, he said: "Well, thank God, I still have my appetite left."

Let me suggest one other thing that I believe will be a step in the right direction. The great trouble has been that, while our platforms denounce corporations, corporations control the elections and place the men who are elected to enforce the law under obligations to them.

Let me propose a remedy—not a remedy, but a step in the right direction. Let the laws, State and national, make it a penal offence for any corporation to contribute to the campaign fund of any political party. Nebraska has such a law, passed two years ago. Tennessee has such a law, passed two years ago. Such a measure was introduced in the State of New York, but so far it has not become a law.

You remember the testimony taken before a Senate committee a few years ago, when the head of the sugar trust testified that the sugar trust made it its business to contribute to campaign funds, and when asked to which one it contributed replied that it depended upon circumstances.

"To which fund do you contribute in Massachusetts?" was asked. "To the Republican fund." "To which fund in New York?" "To the Democratic fund." "To which fund in New Jersey?" and the man replied, "Well, I will have to look at the books; that is a doubtful State."

If the people are in earnest they can destroy monopoly, and you never can do anything in this country until the people are in earnest. When the American people understand what the monopoly question means, I believe there will be no power, political, financial, or otherwise, to prevent the people from taking possession of every branch of Government, from President

to the Supreme Court, and making the Government responsive to the people's will.

On June 1 B. T. Clayton [N. Y.] quoted the views on trusts of Bird S. Coler, comptroller of the City of New York.

A Plan to Curb the Trusts

Bird S. Coler

Whatever the State creates it should either supervise or control. Every corporation should have a definite period of existence and the right of renewal should rest with the State and not with those in interest. Business that requires secrecy of management and manipulation of securities is not entitled to the protection of the State, and corporate powers should be refused it.

No corporation should be allowed to issue securities except for actual value, and these should not be placed upon the public market until the end at least of one actual business year, and then only after public reports by certified accountants under employment of the State and bearing its seal. This to check stock jobbing and to foster legitimate business and investment, and also to provide definite information upon which to base assessment and taxation, thus simplifying tax collecting and abolishing tax dodging.

Places of business and location of factories should be named at time of incorporation, and no removal of same should be allowed without consent of the State. This to prevent the destruction of communities, and for the protection of employees who have invested their savings in homes contingent to factories, and in many cases upon the recommendations of employers.

From its beginning the accounts of every corporation obtaining a charter privilege from a State government should be open at all times to examination and regulation by properly appointed public officers.

One of the most intelligent and plausible defenders of trusts recently said that such concerns were of great advantage to the people because they divided up their capital into small shares in which the poor could invest their savings. Assuming that such might be the fact, the argument advanced at once becomes an imperative reason why such corporations should be subject to Government inspection and regulation. If they receive charters conferring exceptional privileges, such grants become

a part of their assets or capital and give them a financial and commercial standing in the business world, amounting to an advantage over each and every individual competitor. In addition, the charter conveys to them a semi-public or Government indorsement, that may materially affect the market value of their stock or bonds.

They have obtained a privilege that enables them to bid for the surplus capital of the public by the offer of interest-bearing securities. The Government, having made it possible for a few citizens to obtain the capital of the many for investment, should exert all its power to protect that capital and confine the use of it to legitimate business and the employment of labor.

It may be urged that such a system would extend the functions of State government to the regulation of private business. If that be so, no business that requires secret manipulation should receive the privileges of a charter from the people.

The United States Government charters national banks, reserving the right to inspect the methods and examine into the condition of such institutions at any time. This system has never been classed as usurpation of extraordinary functions of government, nor has it retarded the proper and safe development of the banking business. The State of New York has for many years exercised, without question, the right to license and examine the business of life, fire, and marine insurance. Depositors rely upon the State wholly for protection of savings banks.

Every chartered corporation that offers its securities to the people as an investment becomes a semi-public institution, and should be inspected and regulated by the same power that created it. Such control would not in any way oppress or retard legitimate business. Chartered companies should be compelled to confine their investments and development to the legal and proper conduct of the business for which they were created and for the prosecution of which they have received from the Government special privileges and powers.

Under existing conditions there is no safety and little protection for outside investors who buy the securities of great corporations. They must trust largely to the reputation of a company or that of its officers, and recent events in Wall street show how confidence is often misplaced and abused.

Our present system of laws puts a premium upon stock-jobbing. Recent developments in trust stocks put emphatic emphasis on this danger, so long pointed out by political economists. We have had many instances of late where officials of

trusts, holding only a small interest, have run the business of their concerns in the interest of stock speculation instead of legitimate development. Mills have been shut down and men thrown out of work simply to affect prices on the exchange.

Corporations seeking legitimate business ends by honest methods and observing the time-honored principles that insure success in private enterprises invariably possess public confidence and are entitled to the protection of the State from which they derive their corporate power. Corporations of this class will gladly welcome legislation that will further safeguard and protect them in the enjoyment of their rights. They do not shun publicity; they court it.

On the other hand, these irresponsible cliques of individuals, for selfish ends and by doubtful methods, have secretly grasped chartered rights, and, by juggling manipulation of stocks and bonds in their merciless pursuit of gain, brought commercial ruin to thousands. The aggregation of their combined interests threatens the existence of free government. They dread more than anything the light of day, knowing publicity would be their downfall. They pursue their designs secretly. The vast fortunes thus acquired are largely—in fact, almost entirely—due to their corrupt control of legislatures. The sworn representatives of the people themselves, in State and municipal bodies, have venally yielded to them, one by one, the people's rights.

The power thus obtained has been used solely to augment the fortunes of a few insiders and their political allies. It is not the enormous size of these fortunes, but the fact that they were dishonorably obtained, that has proved a demoralizing example to our youth and a menace to our institutions.

The sovereign State has the power to grant charter privileges for purposes that are in consonance with the general welfare and not in violation of the constitutional rights of the individual. The power of regulation is implied in the act of creation.

The abuse of the privileges derived from the people by these favored combines merits severe punishment, and necessary legislation for such purpose is clearly within the scope of the legislative power of the State. The opinion that Congress is powerless to remedy this evil without constitutional change is generally conceded, but the right of the sovereign State in the premises is unquestioned.

The different sections of our country having varying industries, such as cotton and its products in the South, know best how to control them. The nominal attempt to turn over this

power to the Federal Government by the Republican party is an evasion, because they know that the power of creating, regulating, and, where public interest demands it, of destroying these corporate creatures is a State right that will never be

JUDGE PARKER AND THE TRUSTS
From the collection of the New York Public Library

yielded to the general Government with the consent of the Democratic party, which from Jefferson to Tilden has steadily opposed such centralizing tendencies.

In the presidential campaign of 1904 Judge Alton B.

Parker, the Democratic candidate, advocated curbing the trusts along the line laid down by Mr. Coler, namely, by State regulation rather than Federal.

David A. De Armond [Mo.], from the Judiciary Committee, opposed the Amendment and bill.

A short time ago, when this question of where the Constitution might go and how it might be restrained, what might be the medium of the conveyance of it—when these questions were up, I remember well how the gentleman from Maine [Mr. Littlefield] thrilled this House, how his speech and his logic sounded and resounded throughout the United States. I remember how a new hero was born, how a man from Maine was covered with plaudits of "Well done, good and faithful servant," for being at once able, brave, and conscientious.

I have not forgotten how that man arose above his party when his party was wrong; how that man pleaded with his party when his party in its blindness would not choose the right; how that man, with courage to determine his course by the chart of judgment and conscience, won fame. An able man, with an eye for the national life, he rose high in the estimation of the American people at a time when others were ready to throw the Constitution away, and after offering pitiful little arguments and excuses continued to shrink and shrivel until the public no longer could see them. [Applause.]

The great question then was whether this old Constitution of ours, this venerated Constitution, possesses power over Congress or whether Congress possesses power over it, whether the Constitution is still to be the supreme law of the land or be dropped into the minor position of a local law for the guidance of the justices of the peace, while Congress swells into omnipotent power over many lands. Then it was refreshing to behold Littlefield, of Maine, as he left Republican partisanship for American statesmanship.

Now, then, fresh from that picture, still enraptured with that scene, drinking in still that American sentiment which knew no party, no section, no race, I am waiting and I shall be watchful to hear from the gentleman from Maine how it is that there should be put into the Constitution of the United States, or submitted to the people for putting into it this provision: "All powers conferred by this article shall extend to the several States, the Territories, the District of Columbia, and all territory under the sovereignty and subject to the jurisdiction of

the United States." I wait for the revelation upon that point. [Laughter on the Democratic side.]

I do not know, but I have had a kind of suspicion (I hope it will not prove to be well founded) that our eloquent and distinguished friend from Maine who will close the debate has been buncoed. His Republican brethren whom he chastised then have now circumvented him. I think I can see the smile of satisfaction broadening into shouts of exultation as they contemplate the gentleman from Maine laboring at the task they have set for him, that of trying to explain how it is advisable or necessary to send this article abroad. [Laughter on the Democratic side.]

If I had before me the most forceful and eloquent and convincing speech of the gentleman from Maine, and if time would permit the reading of it, I would prove conclusively to any doubter that the Constitution does not need to be carried anywhere by congressional legislation; that wherever congressional legislation goes there will be also the mighty, supervising, ever-controlling Constitution to guard the rights of the people and curb the power of the Congress.

Now, gentlemen, in all sincerity, what do you think of this amendment, so sacred that nothing shall be offered to better it? Why do you refuse to allow an amendment to be considered here?

You do not even disguise your purpose. You are trying to carry yourselves through a campaign. You are trying to make the people believe that you cannot do anything unless you have a constitutional amendment.

And then when the people point to the mighty trusts that have grown up since March 4, 1897; when they call to your attention the fact that these trusts have grown up under the shelter of your laws and that the men in them, in many instances, are the men who control the destinies of your party, who control your conventions and buy your elections, you are going to say, "Why, my good fellow; why, my dear sir, we have gone just as far as we could go until we get increased power by a constitutional amendment." Your object is to shelve the trust question. Your object is to delude the people.

Considering what a monster the trust is; considering how men, women, and children are perishing before it; considering how liberty is going out in individual instances, how individual enterprises are blighted and crushed and individual lives wrecked and ruined by the mighty trusts, would it not be well enough to see how far constitutional power does go?

How many trusts are sheltered behind the protective tariff? How many trusts are created by it? How many trusts could not live independent of it? Are you ready to pick out a single article upon which there is a heavy duty, which is controlled by a trust and by the sale or monopoly of which the American people are robbed, and take that protective tariff duty off of it? No; not one.

You have been asked in this Congress; you have been asked by the press of the country; you have been asked upon the hustings; you have been asked over and over to do that, and you will not do it. What is your reason? Is it a good one? You talk about a "protective system." Do you wish to be understood that the protective system is designed to build up and maintain trusts? If that be true, proclaim your purpose boldly. Say that you love the tariff for the trusts it makes. [Applause on the Democratic side.]

Now, there is a little device known and tried in this country for years with considerable success, that of excluding from the mails certain matter, such as lottery tickets and correspondence about lottery tickets. Could not that be applied to trust correspondence and trust business carried on through the mails?

Would it be unconstitutional to extend that to trusts, to denominate them robbers when they are robbers, to call crime crime when it is crime? Would it be unconstitutional to extend the provisions of the anti-lottery law, of the anti-swindling and anti-green goods and anti-bogus operator law, to the operator of the trusts? Who says that would be unconstitutional? Why, as I understand, the majority of the Committee on the Judiciary say that. Why would it be unconstitutional? They have not told, and they cannot tell. They rejected amendments to that effect. The trusts must not be hampered thus.

Take the monopoly of the patent law. How easy it would be while legislating against trusts to fix a shorter term during which the patentee shall have the exclusive use and control of his patent, and then Congress can easily fix an additional term during which the patentee shall have complete control, subject to the limitation that he shall, upon reasonable terms, permit the use of the patented article and grant the right to manufacture it on a reasonable royalty. Would that be unconstitutional? I think not. Who says it would be? Is there not a remedy there?

Then we have demonstrated under the law how another power can be used and how effective it is. Once there were in this country State banks of issue. It was thought advisable to destroy these State banks as banks of issue and have none but

national banks of issue. The Congress of the United States placed upon the issue of State banks a tax of 10 per cent. Of course no State bank could pay 10 per cent. for the issue of notes and do business. The result was that from the hour that law took effect not another State bank note was issued, and if that law remains in force not another State bank note will be issued between now and judgment day.

Could not that power be applied to the monstrous abuse that constitutes the trusts? Could not the taxing power reach them? Surely it could, but you will not apply it. For another example, consider the oleomargarine law.

Control over the traffic in intoxicating liquors has been given to the States. A bill was passed by the House a few days ago to put convict-made goods under State control. Why not trust-made goods also? Simply because the party in power will not pass any law that might be effective against trusts.

These are some of the means that might be employed constitutionally, without doubt, because they have been sustained by the decisions of the courts on laws now in operation, and effective operation, in many instances beneficently operating; yet with this greatest of evils, with the hideous oppression of the grossest of despoilers, you will not deal effectively. Instead of honest effort to reach the trusts by approved legal methods, you pretend that you must have a constitutional amendment, and try to delude the people into the belief that they can have no relief except through a constitutional amendment, saying to them that relief must be denied because the power to extend it does not exist.

Put your amendment into the Constitution, and then Congress would have a monopoly of corporation making. It would create them by special acts, and in making many corporations the trusts which it would create would not be few. And, if you doubt whether these law-created trusts would have the power to maintain themselves and stifle competition, note that there is but one railroad road bridge over the Potomac at Washington, and that many efforts to get Congressional leave to build others have been defeated, to perpetuate a monopoly. Note how corporations which Congress has fastened upon the District of Columbia are influential enough to prevent competing companies from securing an opportunity to compete. This amendment would prove a breeder of trusts.

That is putting off the resurrection a long while; that is prolonging imprisonment through life; that is inflicting the death penalty without benefit of clergy. "Wait until you get

this amendment!" When? Who believes you are ever going to get it? None of you—none of you. What in the meantime? To every attack made upon you, to every appeal directed to you, to every cry for relief from those in distress, the one answer, stereotyped, will come: "My God, dear people! We can not do anything until we get this constitutional amendment"; and then aside, "which, thank God, we never will get." [Laughter and applause on the Democratic side.]

Pretence, hypocrisy, successful delusion of the people, only invite more of the same thing. Let this deception be rewarded, let the people be blinded by such pretences, let them forget their best interest, and forego their present opportunity, and the time, perhaps, will not be far distant when the gentlemen who now talk about the trust not being "necessarily bad" and the gentlemen who say there is no trust, and the gentlemen who say that if the trust is bad they will deal with it, may be emboldened, as they see the people more helpless and the power of the trust greater and the trust more exacting, and its contributions for party purposes more satisfactory—they may be encouraged and emboldened to say: "The trust has come to stay; the trust is not to be fought; the trust is not to be disciplined; the trust is a modern development; the trust is a product of this great and mighty power called 'progress,' and is the evidence of prosperity."

Some gentleman talked about "prosperity and the trust." He conceded that the trust lately has grown as never before. He conceded that the growth of the trust has been phenomenal in McKinley's three years, and he said its growth is due to the prosperity of the country.

You mean that the trusts are prosperous, that those who bask in their smiles and enjoy their favors are prosperous. But there are many who are under their ban, who are damned by their curse, who are robbed at will by the trust as it goes its way. The people do not regard that as prosperity.

For three and a quarter years you have been trifling with the people while the trusts grew and waxed stronger and stronger and more numerous and still more numerous. Now you are about to be called to account. You would like very much to get another four years' lease of power. You know you can not get it upon the record which you have made, and so you offer a fake record. Have you forgotten what Lincoln said?

You can fool all the people some of the time and some of the people all the time, but you can not fool all the people all the time.

We need not summon witnesses to prove your guilt; you are confessing it right here and now. Bow your heads and submit to the sentence of your indignant sovereign, the people. Vacate—make way for Bryan and reform. [Great applause on the Democratic side.]

Samuel W. McCall [Mass.], Republican, opposed the Amendment and supported the bill.

Mr. Speaker, with regard to the two propositions pending before the House, I intend to vote in favor of the bill which Congress has the power to enact, and which will immediately have effect, and I intend also to vote against this proposed amendment to the Constitution which at the most will keep the word of promise to the ear, but break it to the hope. [Applause on the Democratic side.]

Let us not deceive ourselves about this proposition. This amendment is not simply aimed at trusts and monopolies, but it has application to every form of individual combination, and in my judgment it confers upon Congress the power to strike a most deadly blow at individual liberty. [Applause.] Just consider for a moment the phraseology of the second section. It seems to me there can be no doubt that it covers almost the entire field of business and production. That section declares that Congress shall have the power to define, regulate, prohibit, and dissolve trusts, monopolies, or combinations, whether existing in the form of corporations or otherwise.

If two blacksmiths or two tailors combine together in their trades, or if two owners each of $10 unite their capital in a common venture, that clearly is a combination. That is within one of the primary meanings of the word and, if there is any doubt about it, there is this singular provision in this amendment that Congress shall have the power to "define" what a combination is, and, if it declares anything to be a combination and uses the term in any sense in which it has ever been fairly employed, that will be held to be a combination. So that this amendment involves practical control of all the capital of the country; it involves control of all the labor organizations of the country, and of any co-partnership or union of two or more men for any business purpose whatever.

Now, the wealth of this country to-day is nearly $90,000,000,000, most of it in some form of combination or other. And then there is that far more magical and potent capital which is found in the brains and bodies of our people, and we propose,

and it seems to me it is an amazing proposition, to confer upon the Congress of the United States full and complete jurisdiction over all these productive energies. Even with these enormous interests dealt with in forty-five different capitals and dissipated and scattered throughout the country, they are yet strong enough too often to break down the resistance of human nature and produce corruption. And what will be the effect if we concentrate upon one body of men more than one-third of all the capital of the world and all these other tremendous influences?

Why, Mr. Speaker, is there a gentleman here who does not believe in his heart that if this power is conferred upon Congress the most corrupt, the rottenest place in the universe will be found right here in the city of Washington? [Applause on the Democratic side.] Mr. Speaker, it will be time enough to talk about constitutional amendments when we shall have employed all those weapons against trusts that now exist in our constitutional armory. [Applause.] I think we are bound to use our best judgment in a matter of this importance; I think that we who begin the process of amending the Constitution are just as much charged with responsibility as they who end it, and even more, because, having cast our votes for it, there goes with our votes the influence of our example. I find myself, therefore, unable to consent to put in our organic law this proposed amendment, which, if finally adopted, would, it seems to me, have the effect of ultimately overturning free institutions in this country. [Applause on the Democratic side.]

Mr. Littlefield closed the debate on the Amendment.

I trust, Mr. Speaker, in the discussion of this question, that I shall not find it necessary to become delirious or hysterical over the question of trusts. I have been sitting here and listening to the debate upon the other side. I have heard trusts characterized as "hydra-headed monsters," "robbers," "thieves," and the awful combinations that were grinding innocent women and children into the earth and bringing down prematurely Cimmerian darkness over the firmament. Assaults upon aggregations of capital have been inflammatory, intemperate, and unstinted.

Notwithstanding all this, I think it is proper to say at the outset that there are aggregations of capital, that there are corporations in this land which are legitimate and useful. The prevailing phase of modern business development un-

doubtedly involves the aggregation of extensive capital. It contemplates small profits and large volume of sales. It also requires the consolidation of separate interests, and these work out economies. It is sometimes the result of the coöperation of individuals representing the smaller units. This condition of things has advantages, and is subject to disadvantages. The advantages are that the consumer to-day, with this peculiarity of development which exists, receives and buys his goods cheaper than he ever did before. The disadvantages are that it eliminates individual competition and tends to sink individualism in the great aggregation or corporation.

It is perfectly competent and proper for a legislative body to fulminate its denunciation against an evil aggregation, or against the corporation that violates the purposes of its organization, and undertakes to oppress the people. But where there is one aggregation, where there is one corporation that is what might be called a "hydra-headed monster," or, to use the expressive and beautiful language of my friend from Missouri [Mr. De Armond], that "has its villainous clutch on the throat of American energy," I desire to say, Mr. Speaker, that there are hundreds, aye, I may say thousands, that are legitimate elements of enterprise, that conserve the interests of the people, that are in fact indispensable to the general welfare, and they are not to be railed at on this floor or in any campaign. Without great aggregations of capital no railroads could exist, no water power could be developed, no spindles could turn, no manufactories could turn out the multitudinous products of human ingenuity. The earth could not be compelled to surrender up its magnificent treasures for the uses of men, and it ill becomes this great body to make a general and universal assault upon capital because it is aggregated or consolidated. It is not enough to show that large dividends are paid, that the business is widely diffused, or that it is centralized and subject to the control of a president or board of directors.

It is only when it is injuriously aggregated, it is only when it is improperly aggregated—when it crushes or seeks to crush out competition, when it is operated to restrain trade and commerce and oppresses the public—that it becomes a proper subject of legislation, a proper subject of judicial attention.

The Republican party suggests as an affirmative legal remedy for this condition of things, in addition to those which already exist, two propositions—a constitutional amendment and an amendment to the existing law—and upon both of these propositions they are met by the Democratic party—a party that has

been uniformly and always one of obstruction and never of construction.

I address myself, in the first instance, to the constitutional amendment. First, let me say one word in relation to my friend from Massachusetts [Mr. McCall], who, in my judgment, is unnecessarily disturbed in relation thereto. He seems to labor under the impression that this constitutional amendment has concealed within it such tremendous possibilities that it is liable to obliterate the liberties of mankind—that is, that portion of it included within the United States.

Let me suggest for his consideration that the construction of the word "combination" would be a trifle more apt and proper if he would construe it in the connection in which it is used, rather than divorce it from its connection and look to the dictionary for some other literal application and construction. Let me illustrate.

This amendment provides that Congress shall have power to dissolve "trusts, monopolies, or combinations." The gentleman from Massachusetts sees trouble in that word "combinations" for blacksmiths, carriage makers, etc. Now, let me ask him this question and let me suggest it to any other doubting friend; let me suggest it to my Democratic friends. What does the word "trust" mean in this constitutional amendment? Every man here knows what it means in its ordinary use. Has it any other meaning? Every man here knows that it has. Will the courts, however, hold under this constitutional amendment that the word "trusts," collocated as it is, is intended to apply to the relation existing between a trustee and his *cestui que trust*, which in legal parlance is a trust—that Congress would have power under this amendment to define or dissolve such a "trust"? That would be absurd. The court would construe that word "trust" in connection with the position which it occupies in the amendment and the purpose for which it is obviously used, and would construe the word "combinations" in exactly the same way. If Congress undertook to act capriciously in defining the court would unquestionably restrain such action.

Be not unduly disturbed; the country will still live and the liberties of the people be preserved. Have no apprehension about that. The obvious meaning of that language as used in that connection would be the rule of construction. No objection is made to this amendment by my friends on the other side on that ground. But their objections are what? They are two: First, the constitutional amendment suggests indirectly

that the Constitution does not control Congress in legislating outside the limits of the forty-five States, and therefore no loyal Democrat can vote for it; second, this constitutional amendment interferes with and infringes upon the sacred doctrine of States' rights.

The gentleman from Missouri [Mr. De Armond] claims that the Constitution does extend to our new possessions, and he apprehended that I differed from the majority on that proposition. I say here and now that in that respect I adhere to my view of the Constitution. I believe it to be right; I believed it to be right when I announced it, but I do not think I am situated perhaps quite as the gentleman from Missouri and my other Democratic friends are. I apprehend that there is a possibility that I may be mistaken! It is entirely possible that the Supreme Court when they come to pass upon this great question may determine it otherwise than I think it should be determined. I doubt very much if it was necessary to mention any place or places over which this amendment was to operate. If the language, however, does not add to, it certainly does not take from or narrow, the scope of the amendment. If it does no good it can do no harm. It is idle to assert that language that some may think it necessary to use, in order to make this amendment universal in its operation, can have any legitimate interpretative force in determining the proper construction to be placed upon the language used in framing the Constitution and the original amendments.

The other objection of the opposition is that they ought to have the privilege of amending this constitutional amendment, so that it would be concurrent. I ask the attention of the House to an analysis of that beautiful proposition. The power that exists to-day over this subject between Congress and the several States is divided. Between them they possess it all. Congress exercises its powers solely by virtue of the interstate commerce clause of the Constitution, which reads as follows:

> To regulate commerce with foreign nations, and among the several States, and with the Indian tribes.

When persons, corporations, trusts, or syndicates avail themselves of the facilities of interstate commerce, then they subject themselves to Congressional control. When any article becomes an item of interstate commerce, then the national power operates upon it. Until then Congress has no control, and its

control ceases when the article ceases to be an item of interstate commerce. Upon the other hand, the State has the sole control until the line of interstate commerce is reached, when its power ceases. The State has no power to obstruct, interfere with, or control interstate commerce. The line which divides interstate and local commerce is the line of division between the two jurisdictions.

It is simply a legal impossibility to increase the power of Congress upon any practicable plan without decreasing the powers of the State, and this amendment does undertake to and will, if adopted, decrease to the extent of its terms the powers of the States; and hence the objection by men who believe in State rights, and hence the suggestion by my friends on the other side that concurrent power is what they want. Concurrent legislative power in this particular is simply a legal absurdity. That means equal power, power in the same degree, to the same extent. What would it mean when applied to these different things we are undertaking to remedy? It means the State could exercise the power, and the United States could exercise the same power to the same extent and to the same degree. Both have equal power. Now, if they happened to be inconsistent, one was in conflict with the other, which under that proposition would prevail?

If New Jersey saw fit to declare that a certain corporation was legitimate, innocuous, and wise, and the United States Government should undertake to say that they would dissolve that corporation, which one of these concurrent and equal powers would prevail? Neither; and you would have paralysis of legislative action. That is the Democratic theory of amending the Constitution; putting in a power that could not be effectively exercised by either, unless it was exercised on exactly parallel lines. If conditions that now prevail continue to prevail, and there is no reason to expect otherwise, there would be inconsistent legislation throughout the length and breadth of the land, and you would have a worse condition than exists to-day. And now they rail because they haven't been allowed to vote for that proposition. These are the only objections that our Democratic friends have to the constitutional amendment.

I want to call your attention now to a suggestion made by a gentleman for whom I suppose my Democratic friends have the greatest respect. I refer to our distinguished fellow-citizen who, during the last four years, has apparently been standing upon a mental eminence looking out over the country and crying out: Oh, America, America, how often would I

have gathered thee "as a hen gathereth her chickens under her wing, and ye would not!" And she will not. [Laughter and applause on the Republican side.]

I have great admiration for Mr. Bryan. He is an orator of great ability and a distinguished public character; a man

"MR. BRYAN OPENS HIS CAMPAIGN"

Cartoon by Charles Nelan in the "New York Herald"

upright in his private character. I have no doubt upon his lines he may be sincere, but I can not say that I think my friend Bryan is really a great lawyer. His remedy for the great trust problem is that Congress can control a local corporation in a State by reason of the mere fact that it happened to be organized in another State. Every lawyer knows that the Congress of the United States has no more control over such a corporation, under such circumstances, than it has over the precession of the equinoxes. There happened to be a man in the audience who knew that, and this followed:

"A VOICE——"

I suppose it was the "voice of one crying in the wilderness." [Laughter.]

A VOICE. Colonel, would such a law be constitutional?

MR. BRYAN. I was coming to that. I am glad you mentioned it. What I mean to say is that Congress ought to pass such a law. If it is unconstitutional, and so declared by the Supreme Court, I am in favor of an amendment to the Constitution that will give to Congress—

I want to commend this to the distinguished gentleman from Texas [Mr. Bailey], who is ready to adopt a constitutional amendment provided he can have it in the homeopathic form. He does not want it in the allopathic, to apply to every trust, but he wants it in the homeopathic, to apply to only those engaged in interstate commerce. What is there about trusts that will drift around in States and not engage in interstate commerce, that they should be protected by the suggestion of the gentleman from Texas? I submit this to the consideration of the gentleman from Texas.

Mr. Bryan says:

I am in favor of an amendment to the Constitution that will give to Congress the power to destroy every trust in the country.

This amendment will do it. Under the Constitution as it is Congress can not do it. Now, our Democratic friends have this proposition: "Choose you this day whom ye will serve." Choose you whom ye will serve—Colonel Bryan, the gentleman from Texas [Mr. Bailey], or the gentleman who heads the minority on the Judiciary Committee—when you come to vote upon this constitutional amendment.

I now come to the favorite panacea of our friends, the Democracy, for this gigantic disease, the trust.

It is the abolition of the tariff on trust-controlled articles at the discretion of the President.

My first objection—it may be a Democratic objection—is this: There never was attempted to be written into the statute books of any State or of the United States a provision so violently imperial and czar-like as this proposition. It gives to the President of the United States the power to enforce upon an organization which is assumed to be criminal, for the express purpose of punishment, and that punishment is expected to be business ruin, the penalty of the law without even giving the offending party the right to be heard. The President brings

the charge; he tries the cause; he renders judgment, and he executes the sentence. If that is not Cæsarism, if that is not imperialism, if that is not centralization run mad, I ask you to distinguish it.

This arbitrary power is in no sense parallel with the power vested in the President under a reciprocal clause in a treaty, where he only has to perform an act dependent upon the existence of a fact over which he has no control, as its existence is determined by the action of an independent power. Under this section he has the power to determine *ex parte* whether a crime had been committed, and then proceed to punish on the Democratic theory by ruining the criminal. As the tariff must be suspended upon all such articles, innocent parties who were dependent upon the tariff for success would have to meet the fate of the guilty. Again, it is only to be suspended when the "price is enhanced," but the great weapon of the trust is to crush competition by lowering prices, and while this interesting process was going on under this section they would have the benefit of the tariff, as it can only be suspended while the "price is enhanced." I deny wholly the efficacy of this legal nostrum.

Now, I want to call your attention to the author of the sugar trust, an eminent Democrat, Mr. Havemeyer, who, in his testimony before the Industrial Commission, states this proposition:

The mother of all trusts is the customs tariff bill.

And then he has the monumental assurance in that same statement to say that the tariff upon sugar should be doubled.

The Standard Oil Company has never had the protection of a cent upon petroleum or oil. But go into England, free-trade England, and the trusts and aggregations of capital in England exceed the aggregations of capital and the formation of trusts in the United States under the protective tariff. It is literally covered with them. They create no surprise. But where is the creator of trusts in England? Have we creatures without creators? Can it be possible that they are like Topsy, they simply grow, or are they like the original protoplasm in the theory of evolution, they come and nobody knows how they come? I take the report drawn by the gentleman from Missouri [Mr. De Armond], in his magnificent English, and I find that he states that the tariff is the mother of trusts. This is his language:

Consider for a moment how the tariff operates to make and perpetuate the shameful monopoly known as the paper trust.

I went on and read his report to see *how* it operated. Did he tell how? Did he tell why? No. Did he show how it was brought about? No; and no other man who has made that assertion has ever told. It reminds me of the lawyer in the West who was arguing a case before a justice on the frontier, and was pictured by Bill Nye as standing up before the justice, with his clenched fist uplifted in the air, his mouth wide open, saying: "When I holler, it's law." [Laughter.] So it is with my friends upon this proposition, when they say it is so, it is so, but the man doesn't live who has yet given a reason why it is so.

Now, I want to quote to my friends what Colonel Bryan the Great said upon this proposition that our Democratic friends say that they believe in.

While some relief may come from modifications of the tariff, we can not destroy monopoly until we lay the ax at the root of the tree and make monopoly impossible by law.

Now, in view of his last suggestion, when we have the adoption of a constitutional amendment pending here, the question is whether our friends will follow the lead of the Colonel or will they follow the suggestion of my friend from Missouri, who says that it has been so long since the Constitution has been amended that it can not be amended, or my friend from Texas [Mr. Bailey], who objects to the amendment because it would take away all the powers of the State, or my friend from Texas [Mr. Lanham], who says the Constitution can not be amended except by bayonet and saber stroke, and shot and shell, and the spilling of blood. I had hoped it was not as bad as that. We have not reached the period of blood, except the blood that my friends on the other side are sweating in connection with the vote that they expect to have to cast here in a few minutes. [Loud laughter on the Republican side.]

The joint resolution to amend the Constitution was put to vote, and resulted in 154 yeas to 132 nays, thereby failing of the two-thirds vote required for its passage.

The anti-trust bill was passed by the House on June 2 by a vote of 274 to 1. After considerable debate in the Senate it was referred to the Committee on Judiciary, which failed to report it during the session.

CHAPTER III

Bounties

[THE COD-FISHERIES BILL]

Debate in the House on Granting Bounties to Cod-fishers: In Favor, Fisher Ames [Mass.], Elbridge Gerry [Mass.], Samuel Livermore [N. H.]; Opposed, William B. Giles [Va.], Hugh Williamson [N. C.], James Madison [Va.], John Page [Va.]; Bounties Are Granted.

THE subject of the constitutionality of bounties came first before Congress in February, 1792, in connection with a cod-fisheries bill. Those in favor of such grants were Fisher Ames [Mass.], Elbridge Gerry [Mass.], and Samuel Livermore [N. H.]; those opposed were William B. Giles [Va.], Hugh Williamson [N. C.], James Madison [Va.], and John Page [Va.].

On Bounties

House of Representatives, February 3-9, 1792

Mr. Giles moved to strike out the section in the cod-fisheries bill granting bounties. In support of his motion he said:

The present section of the bill appears to contain a direct bounty on occupations, and, if that be its object, it is the first attempt as yet made by this Government to exercise such authority, and its constitutionality struck him in a doubtful point of view, for in no part of the Constitution could he, in express terms, find a power given to Congress to grant bounties on occupations; the power is neither directly granted, nor (by any reasonable construction that he could give) annexed to any other power specified in the Constitution. It might perhaps be brought in under a mode of construction already adopted by the House, *viz.*: that of "ways and ends" by which any power

whatever might be equally implied, but he wished ever to see some connection between a specified power and the means adopted for carrying it into execution. There is a great difference between giving encouragement and granting a direct bounty. Congress have a right to regulate commerce, and any advantage thereby resulting to a particular occupation connected with commerce comes within that authority, but when a bounty is proposed to a particular employment or occupation, this is stepping beyond the circle of commerce, and such a measure will affect the whole manufacturing and agricultural system. In all cases the revenue to be employed in this bounty is drawn from all the sources of revenue in the United States and confined to a particular object. He was averse to bounties in almost every shape as derogations from the common right, and he thought there would be no great difficulty in proving that a government is both unjust and oppressive in establishing exclusive rights, monopolies, etc., without some very substantial merit in the persons to whom they are granted, although even in that case the propriety of such grants is still questionable. Under a just and equal government every individual is entitled to protection in the enjoyment of the whole product of his labor, except such portion of it as is necessary to enable government to protect the rest; this is given only in consideration of the protection offered. In every bounty, exclusive right, or monopoly, government violates the stipulation on her part, for, by such a regulation, the product of one man's labor is transferred to the use and enjoyment of another. The exercise of such a right on the part of government can be justified on no other principle than that the whole product of the labor of every individual is the real property of government, and may be distributed among the several parts of the community by governmental discretion; such a supposition would directly involve the idea that every individual in the community is merely a slave and bondman to government, who, although he may labor, is not to expect protection in the product of his labor. An authority given to any government to exercise such a principle would lead to a complete system of tyranny.

He entertained fewer doubts respecting the principle as it regards political economy. All occupations that stand in need of bounties, instead of increasing the real wealth of a country, rather tend to lessen it; the real wealth of every country consisting in the active product of useful labor employed in it. It is therefore bad policy to encourage any occupation that would diminish, instead of increasing the aggregate wealth of the

community, and, if an occupation is really productive and augments the general wealth, bounties are unnecessary for its support, for when it reimburses the capital employed and yields a profit besides it may be said to support itself. When it fails in these points any forced advantage that is given to it by the Government only tends to decrease the wealth of the country.

The subject, however, might be considered in a more favorable point of view, and that is, whether the provision was essential to the defence of the United States, and whether the bounties proposed in the bill were more than equivalent to the portion of defence that would be procured by them. The bill does not (in his opinion) contain that kind of encouragement which is essential to the national defence. Any man who takes a view of this country must be convinced that its real support rises from the land and not from the sea, and the opposite mistake must have arisen merely from a servile imitation of the conduct of Great Britain; the inhabitants of this country heretofore thought favorably of her Government, and the Revolution has not yet altered their former ideas respecting it. But the circumstances of the two countries will, on examination, be found widely different; Britain, surrounded by the sea on every side, finds a navy necessary to support her commerce, while America, possessed of an immense territory, and having yet ample room to cultivate that territory, has no occasion to contend by sea with any European power; her strength and her resources are all to be found within the United States, and, if she but attends to her internal resources, the object of national defence will be much better answered.

From a comparison between the bounty and the number of sailors employed in the fisheries he showed what an expense each man would be to the United States, and, after other remarks, observed that even Great Britain, whose whole national support and defence depend on her navy, had found that the men employed in the fisheries, though so necessary for that defence, cost her too much; that America, whose consequence as a nation does not depend on a navy, ought to take a lesson from the experience of Britain; that he did not wish to enter into a competition with Britain and France in supplying the different markets with fish; that, as those nations are able to hold out greater encouragement to their fishermen than we can to ours, we would, by such a competition, only exhaust the treasury of the United States to no purpose, and upon this principle alone he thought there was some reason to doubt

the policy of the measure proposed in the section under consideration.

Mr. Ames.—The more fish we catch the cheaper; the English fish will need a greater bounty; whereas, if we should yield, the English would probably need no bounty at all; they would have the monopoly. For example, suppose the English can fish at two dollars the quintal—we catch so much that we sell at one dollar and two-thirds; the loss to them is one-third of a dollar on each quintal. They must have that sum as a bounty. Whereas, if we increase our fishery, a greater and a greater bounty is needed by foreign nations. The contest so painfully sustained by them must be yielded at last, and we shall enjoy alone an immense fund of wealth to the nation which nature has made ours, and, though foreigners disturb the possession, we shall finally enjoy it peaceably and exclusively. If the lands of Kentucky are invaded, you drive off the invader; and so you ought. Why not protect this property as well?

Another view has been taken of the subject which is drawn from the naval protection afforded in time of war by a fishery. The coasters and other seamen, in the event of a war, would be doubly in demand, and could neither protect themselves nor annoy the enemy to any considerable degree, but the fishermen, thrown out of business by a war, would be instantly in action. They would, as they formerly did, embark in privateers; having nothing to lose and everything to hope, they would not dishonor their former fame. Their mode of life makes them expert and hardy seamen. Nothing can be more adventurous. They cast anchor on the banks three hundred leagues from land, and with a great length of cable ride out the storms of winter. If the gale proves too strong they often sink at their anchors and are food for fish which they came to take; forever wet, the sea almost becomes their element. Cold and labor, in that region of frost, brace their bodies, and they become as hardy as the bears on the islands of ice; their skill and spirit are not inferior to their hardihood; familiar with danger, they despise it. If I were to recite their exploits the theme would find every American heart already glowing with the recollection of them; it would kindle more enthusiasm than the subject has need of.

Some gentlemen think of a navy, but what navy could do more? What nation would provoke a people so capable of injuring them? Could fifty ships of the line afford more security? and yet this resource of the fishery, always ready, always sufficient, will cost nothing. The superior naval force of our

Fisher Ames

foes should not discourage us; our privateers would issue like so many swordfish to attack the whale.

Mr. Gerry.—The State of Massachusetts asks nothing more than equal justice. We do not come forward to request favors from the United States; we only wish that the same system which is applied to other parts of the Union may be applied to us.

We have laid on hemp a duty of fifty-four cents per hundredweight, and on beer, ale, and porter five cents per gallon. Now, I ask, gentlemen, whether the professed design of those duties was to raise a revenue, or to prevent the importation of those articles? They were laid for no other purpose than to prevent foreigners from importing them, and thereby to encourage our own manufactures, and was not that encouragement a bounty to the persons concerned in producing such articles in this country? If the duties had not been laid, the importer could sell much cheaper than he now can, and the landed interest would be under a necessity of selling cheaper in proportion. If those prohibitory duties operate as a bounty in favor of raising hemp and of brewing beer, ale, and porter, I ask whether, if a bounty were proposed on every quintal of fish, it might not, with the same propriety, be granted? If we have not a right to grant a bounty in the one case, we have as little right to grant it in the other.

Mr. Williamson.—In the Constitution there are two or three remarkable provisions which seem to be in point. It is provided that direct taxes shall be apportioned among the several States according to their respective numbers. It is also provided that all duties, imposts, and excises shall be uniform throughout the United States, and it is provided that no preference shall be given, by any regulation of commerce or revenue, to the ports of one State over those of another. The clear and obvious intention of the articles mentioned was that Congress might not have the power of imposing unequal burdens; that it might not be in their power to gratify one part of the Union by oppressing another. It appeared possible, and not very improbable, that the time might come when, by greater cohesion, by more unanimity, by more address, the Representatives of one part of the Union might attempt to impose unequal taxes, or to relieve their constituents at the expense of other people. To prevent the possibility of such a combination, the articles that I have mentioned were inserted in the Constitution.

But we have been told that Congress may give bounties for useful purposes; that is to say, they may give bounties for

all imaginable purposes, because the same majority that votes the bounty will not fail to call the purpose a good one. Establish the doctrine of bounties and let us see what may follow. Uniform taxes are laid to raise money, and that money is distributed—not uniformly; the whole of it may be given to the people in one end of the Union. Could we say, in such a case, that the tax had been uniform? I think not. There is certainly a majority in this House who think that the nation would be stronger and more independent if all our labor were performed by free men. Establish the general doctrine of bounties, and all the provisions I have mentioned become useless. They vanish into air, and, like the baseless fabric of a vision, leave not a trace behind. The common defence and general welfare, in the hands of a good politician, may supersede every part of our Constitution, and leave us in the hands of time and chance. Establish the doctrine of bounties, set aside that part of the Constitution which requires equal taxes and demands similar distributions, destroy this barrier, and it is not a few fishermen that will enter, claiming ten or twelve thousand dollars, but all manner of persons—people of every trade and occupation—may enter at the breach, until they have eaten up the bread of our children.

Mr. Livermore.—The article of the Constitution which says that taxes shall be equal in all the States can only respect the *rates* of the duties, *i. e.*, the *same* duties shall be paid in Virginia as in New York—at the North as well as at the South. It surely can not mean that every individual shall pay exactly the same sum in every part of the Union.

Mr. Madison.—It is supposed by some gentlemen that Congress have authority to grant bounties under a power by virtue of which they may do anything which they may think conducive to the general welfare! This, sir, in my mind, raises the important and fundamental question whether the general terms which have been cited are to be considered as a sort of caption, or general description of the specified powers, and as having no further meaning and giving no further powers than what is found in that specification, or as an abstract and indefinite delegation of power extending to all cases whatever—to all such, at least, as will admit the application of money—which is giving as much latitude as any government could well desire.

I, sir, have always conceived—I believe those who proposed the Constitution conceived—it is still more fully known, and more material to observe, that those who ratified the Constitution conceived—that this is not an indefinite government, deriv-

ing its powers from the general terms prefixed to the specified powers—but a limited government tied down to the specified powers, which explain and define the general terms.

It is to be recollected that the terms "common defence and general welfare," as here used, are not novel terms, first introduced into this Constitution. They are terms familiar in their construction, and well known to the people of America. They are repeatedly found in the old Articles of Confederation, where, although they are susceptible of as great a latitude as can be given them by the context here, it was never supposed or pretended that they conveyed any such power as is now assigned to them. On the contrary, it was always considered clear and certain that the old Congress was limited to the enumerated powers, and that the enumeration limited and explained the general terms. I ask the gentlemen themselves whether it was ever supposed or suspected that the old Congress could give away the money of the States to bounties to encourage agriculture, or for any other purpose they pleased. If such a power had been possessed by that body, it would have been much less impotent, or have borne a very different character from that universally ascribed to it.

The novel idea now annexed to those terms, and never before entertained by the friends or enemies of the Government, will have a further consequence, which cannot have been taken into the view of the gentlemen. Their construction would not only give Congress the complete legislative power I have stated; it would do more; it would supersede all the restrictions understood at present to lie in their power with respect to a judiciary. It would put it in the power of Congress to establish courts throughout the United States with cognizance of suits between citizen and citizen, and in all cases whatsoever.

There are consequences, sir, still more extensive, which, as they follow clearly from the doctrine combated, must either be admitted, or the doctrine must be given up. If Congress can apply money indefinitely to the general welfare, and are the sole and supreme judges of the general welfare, they may take the care of religion into their own hands; they may establish teachers in every State, county, and parish, and pay them out of the public treasury; they may take into their own hands the education of children, establishing in like manner schools throughout the Union; they may undertake the regulation of all roads, other than post roads. In short, everything, from the highest object of State legislation down to the most minute object of police, would be thrown under the power of Congress,

for every object I have mentioned would admit the application of money, and might be called, if Congress pleased, provisions for the general welfare.

Several arguments have been advanced to show that, because, in the regulation of trade, indirect and eventual encouragement is given to manufactures, therefore Congress have power to give money in direct bounties, or to grant it in any other way that would answer the same purpose. But surely, sir, there is a great and obvious difference which it cannot be necessary to enlarge upon. A duty laid on imported implements of husbandry would, in its operation, be an indirect tax on exported produce, but will any one say that by virtue of a mere power to lay duties on imports Congress might go directly to the produce or implements of agriculture, or to the articles exported? It is true, duties on exports are expressly prohibited, but, if there were no article forbidding them, a power directly to tax exports could never be deduced from a power to tax imports, although such a power might directly and incidentally affect exports.

In short, sir, without going further into the subject, I venture to declare it as my opinion that, were the power of Congress to be established in the latitude contended for, it would subvert the very foundation and transmute the very nature of the limited Government established by the people of America.

Mr. Page.—We are asked, Is it not of great consequence to the United States to employ those bold, skillful seamen in our service that we may enjoy the commercial advantage they give us in peace, and their powerful assistance in war? To this I reply that it ought first to be proved that Congress has the power and authority to give them the encouragement demanded, and, even if Congress have that power, it ought to be shown that it can be extended to the benefit of the sailors of some of the States, and not to those of every State. It may be said that Congress may with as much propriety give bounties to our hunters in the Western country, to raise up a nursery of soldiers as a barrier against the Indians, and to promote the fur trade, as to give drawbacks and bounties to the fishermen of the Eastern States, with a view to encourage fisheries, and to raise a nursery of seamen for their defence against enemies who may invade our Eastern frontiers. Indeed, if defence be the object in view, we might as well give bounties to sturdy landsmen to be in readiness and constant training for war. A nursery of virtuous families which will produce soldiers, sailors, husbandmen, and statesmen must be preferable to a mere nursery of

sailors, who generally live single and often perish at sea. I always look upon the loss of a crew to an infant republic as the loss almost of a new State.

Is it politic and wise, then, Mr. Chairman, to exert the power contended for, even if it be authorized by the Constitution? May not Congress, with equal propriety, undertake to regulate the tobacco, the rice, and indigo trade, as well as that of the fisheries? If they intermeddle in the business of sailors, why not in that of manufacturers and farmers? As a member of this House I shall think it my duty to protect the fisheries and every other branch of our commerce, the fisherman as well as every other citizen, as far as may be within my ability, but I am not permitted, as a member of Congress, I humbly conceive, to select the fisheries and fishermen as objects of more consequence than any other branches of trade, or persons employed in them, lest Congress should not only show a mistaken attachment, or, even if judiciously placed, excite jealousies and discontents between the States, and distrust, destructive of their weight and influence. My constant wish has been to see Congress confined to such acts as would form a more perfect union, promote the general welfare, insure domestic tranquillity, and engage the confidence of our fellow-citizens.

Let the legislatures of the different States encourage, as far as in their power, the commerce, agriculture, or manufactures of their respective States, and let Congress, as far as can be consistent with the most steady impartiality, patronize their patriotic exertions, by wise regulations of their commerce with foreign nations, such as may open as full an intercourse with those nations as the States may desire. The emulation of the sister States in commerce, manufactures, or agriculture would lead to the early establishment of that branch of either to which each State might be best adapted. This rivalship could produce no jealousy, no general national discontent in the States, no localities in Congress. Virginia would not attempt to rival Massachusetts in her fisheries or carrying business, nor will South Carolina and Georgia rival the manufactories of New Jersey and Pennsylvania. Each State may rejoice to see its sister States enjoying the advantages with which Heaven has blessed them, and Congress, if confined to subjects which admit not of local considerations, may debate with temper and decide with unbiased judgment.

The question on striking out the first section was taken and negatived—32 to 26.

CHAPTER IV

Ship Subsidies

Samuel Shellabarger [O.] Introduces Bill in the House to Subsidize American-built Ships—Debate: In Favor, Mr. Shellabarger, John Lynch [Me.], William D. Kelley [Pa.], Omar D. Conger [Mich.]; Opposed, Samuel S. Cox [N. Y.]; Bill Is Tabled—President Harrison Recommends Ship Subsidies—John M. Farquhar [N. Y.] Introduces Bill in House for Ship Subsidies as Substitute for Frye Bill Passed by Senate—Debate: In Favor, Mr. Farquhar, Gen. Charles H. Grosvenor [O.], Seth L. Milliken [Me.], Nelson Dingley [Me.], Amos J. Cummings [N. Y.], Charles A. Boutelle [Me.]; Opposed, Gen. Joseph Wheeler [Ala.], Joseph H. Outhwaite [O.], Alexander M. Dockery [Mo.], Hilary A. Herbert [Ala.], James H. Blount [Ga.], A. J. Hopkins [Ill.], George W. Fithian [Ill.], Roger Q. Mills [Tex.], John H. Rogers [Ark.], William McAdoo [N. J.]; Bill Is Enacted—William P. Frye [Me.] Introduces in the Senate Bill for Ship Subsidies—Debate: In Favor, Sen. Frye, Marcus A. Hanna [O.], Chauncey M. Depew [N. Y.]; Opposed, Alexander S. Clay [Ga.], George G. Vest [Mo.]; No Action.

ON January 21, 1873, Samuel Shellabarger [O.] introduced in the House a bill to create a Board of Commissioners of Commerce to execute Government contracts for the encouragement of commerce. The bill provided that the commissioners be authorized to offer bounties for the construction of ships in the United States (not over $15 a ton for iron ships and not over $12 for other ships) to be engaged in foreign trade, and that the total tonnage thus subsidized should not exceed 500,000, nor 100,000 a year.

Mr. Shellabarger said in support of his bill:

A nation which surrenders or becomes incapable of carrying on and controlling its own exchanges of commodities in its own vehicles and channels of trade is one which, at the very beginning of that surrender or incapacity, has commenced to sink in a vital respect to the rank of an inferior and dependent nation,

and is one which must cease to hold any material commerce or rank in the community of nations.

Here the speaker went at great length into ancient, medieval, and modern history to prove his contention. He then discussed the reasons why maritime power is essential to our national prosperity.

The sum of our exports and imports last year reached within a fraction of $1,071,000,000, excluding gold and silver. What was paid out for the mere freight of this enormous shipment in and out was about $100,000,000, including American passengers. Now, let the United States surrender its right or lose its ability to earn this hundred million a year, which must be paid by us to somebody, simply for carrying our own freights and passengers in and out, and the transaction is exactly the same as payment by the United States of an annual tax of $100,000,000 to such nations as we hire to do this, our own carrying work. The labor, or the cost of the labor, of carrying an axe to its market is as much part of the cost of the axe as is the making of it. That nation is simply mad that makes $1,000,000,000 worth of products a year, makes them nine-tenths done, then stops, stands idle, and pays another nation $100,000,000 per year for completing the manufactures. In the light of your common mother wit, tell me how long will it be before this libation of seventy-one and a half millions a year, drawn from the blood of the people, will make us poor indeed, and those who feed upon us rich indeed. Take this fact alone, and do you wonder that history should tell you that the merchants of Babylon, of Tyre, of Venice, of Lisbon, of Antwerp, and of London, who drew this seventy-one and a half millions each year, got rich, and that they of India, who paid it, became poor?

The most familiar experiences of this nation show the values coming from owning our ships. Passing by, for want of time, the new and vast markets given to our own and, in part, wrested from other nations by the establishment of American lines to Brazil and Japan, take, as a sample, the results of the establishment, through the patriotic agency of a single citizen of New York, of a line of American steamers from San Francisco to the Hawaiian Islands, New Zealand, and Australia. Already such amounts of the mechanical and agricultural production of our people have been carried to a before unknown market by this line that the tariff revenues derived from the imports for which

they paid is already estimated at $1,138,577.09 for little more than six months.

Mr. Speaker, it is in this stupendous affair, which lies at the foundation of our very civilization and of every material greatness—in this thing, the great Republic is perishing. Why, sir, to defend your flag throughout the globe you to-day pay two hundred and fifty diplomats and consuls near a million a year. And yet that flag has nearly vanished from the seas! The permanent exemption of the United States, as of every other nation, from war is to be found only in perpetual readiness for war. This proposition, so self-evident as to make one of the maxims in public economy, is of the very first moment in this great discussion, and must be thoroughly comprehended.

The next proposition which must be kept ever in mind is that it is a traditional and fixed policy of the United States that in time of peace it will not keep up either its army or navy to such magnitudes as are required in case we are at war. In other words, our policy is to maintain readiness for war by always maintaining the nucleus of an army and navy, and by a constant state of readiness to increase these to every requisite of war from the reserved forces of the people. This policy results mainly from the nature of republican institutions, which forbid the keeping up of vast armies and navies in time of peace, and the policy cannot and ought not to be changed.

The next thing which we should instantly and fully comprehend as a nation is that in a great commercial navy the United States would have constantly a great war navy, commensurate with all the wants and exigencies of war, and we can consistently, with our policies, have an adequate war navy, ever at hand, in no other way. The immense importance of this proposition demands us to look into its truth, but my time admits of my naming but few of the proofs of that truth. No living authority is higher upon this point than our gallant Admiral Porter. In imploring Congress at once to create a great commercial marine, he testified in 1870, before one of your committees, that this identical proposition in all its parts was true—true in science, in theory, and by the huge experiences of the recent war. As to the capacity of merchant vessels, like the Cunard line, being speedily changed into powerful war ships and made ample for every defensive and aggressive purpose of a great war, he declares the following things, found on pages 183-85 of Executive Document No. 28, second session, Forty-first Congress.

These merchant ships could be quickly changed into powerful

warships, rigged with masts, and made capable of remaining at sea three years without coal. Had we possessed only thirty such steamers as the Cunarders at the beginning of the Rebellion, not a bale of cotton would have escaped the Southern ports, and the war of the Rebellion would have been far shorter than it was. Thirty such vessels, changed to warships, would have proved twice as effective as was the entire navy of the United States.

That in case of war with a foreign nation, like England and France, our great power would be in cutting up their commerce, and England could not stand a war six months with a fleet of such vessels. That nearly every effective warship we used during the Rebellion was a merchant ship, and but two or three rebel boats, roughly fitted up, had suffiecd to drive our commerce from the seas, destroy eighty-six American ships and $70,000,000 of our property, and he asks if two could do this what could two hundred do?

Besides the momentous facts above stated from Admiral Porter, the nation will not fail to remember forever what that navy did for the succor of the Republic, and the memory of the Republic itself will perish from history as soon as will the names of Farragut and his compatriots. But, remembering these deeds of the navy, the sleepless and winged ally and companion of our vast armies, remember also the words of its gallant Porter. He declares "nearly every ship that was used during the war was a merchant ship."

Mr. Speaker, by proofs like these it is completely fixed and sure that the creation and support of a great merchant marine are absolutely vital to the Republic.

These coasts are by far the vastest possessed by any existing State. Your readiness for their defence must every hour be in exact proportion to your continental proportions. Like as a huge chain measures its strength by that of its weakest link, so a navy, protecting nine-tenths of your vast circle of seashore, but leaving the supplies and disasters of war to go freely in at the uncovered tenth part, would, in that particular species of service, be no navy at all. Now, I solemnly declare to the House and nation that in the presence of such a fact as this one—the vital relations of a merchant marine in furnishing an adequate and ceaseless supply of trained sailors and ships for the national defence—to hesitate in the adoption, at whatever cost, of the requisite and best means for the creation of such a marine is a crime against the national safety and life, and, with the lessons of the present decade before us, becomes, in

the rulers of this people, a weakness and wrong unapproximated in our history.

But now, sir, add to the terrible logic of such facts as I have now passed over the force of those yet to come. The Secretary of the Treasury a year ago said that you are paying annually an enormous sum in cash as a direct undisguised subsidy to the very lines which burnt and banished your ships from the sea, and which now rule over that $1,100,000,000 worth of the products of the labor of this people which passes through our ports each year.

But this is not all nor the worst. The decay of your carrying trade with foreign nations is still going on at appalling rates. In 1826 you carried ninety per cent. of your own commerce. You slowly lost, relatively, up to the beginning of the war, when you still retained sixty-five per cent. At the end of the war you had thirty-seven per cent. Now you retain only twenty-eight per cent. of your own carrying commerce. Your surrender, even since the war, has been at the rate of a million dollars per year in this single item of foreign freights. Speedily, unless this process is arrested by removal of its causes, the United States flag will disappear from the ocean.

Mr. Speaker, this House now enters upon a momentous duty. That duty is the speedy adoption of the best measure for the rescue of the country from this immense and impending peril. The commercial growths of your three great rivals are already three centuries old, and are the result of governmental fostering and guardianship that have not had a day or hour of sleeping in the three hundred years.

The substitution of iron for wood is a cause hitherto against us, but one which we may, owing to our superiority in iron and coal, make immensely in our favor. The girdling of the globe with the telegraph is another, and by enabling the avoidance of fruitless voyages has enormously lessened the mileage assessed upon the aggregate of the ocean trade. The tunnel of Mont Cenis has shortened the way of central Europe to India, and is abolishing the power of England at Gibraltar. The Suez canal brings India and the East thousands of miles nearer our east coast, and is emancipating the rest of the world from British warehouses, commission men, and bankers. The Pacific railroads are sending streams of commerce and even European mails for Asia across our Republic.

Russia is pushing her conquests and her railroads to the walls of China. Germany, Prussia, England, Austria, and Italy are enormously extending and strengthening their commercial

machinery and resources, and are grasping eagerly each new accession to the resources of the international trade. Their statesmen comprehend the situation, and they have seized the new wealth which the impending commercial revolution tenders them.

It remains yet to be disclosed whether they who rule our country shall arise to this comprehension and the action to which in all other nations it has already impelled them.

Because of the abolition of differential duties and the adoption of reciprocity treaties by our own and all other commercial nations, the competition on the seas between these nations for the world's carrying trade is reduced to substantial equality, and, since the great bulk of this trade is permanently transferred to iron from wooden ships, other nations can supply the elements which enter into the creation and running of these iron lines at less outlay than the United States, and can therefore, under present conditions, underbid us for this international trade, and they do underbid us. Hence we rapidly disappear from the ocean. This is the whole of the sad story, and has in it neither mystery, uncertainty, nor doubt.

The ability of foreign lines to underbid us in the competition for carrying the world's commodities, including our own, is approximately indicated by the following differences in the cost of the things entering into the creation and running of the great lines:

1. England can build the ship of iron for nine and a half per cent. less than we, after we are allowed the drawback of duties on ship materials.

2. The capital required to build and run the ship costs but two to three per cent. interest in England, while in the United States it costs from six to seven per cent.

3. The cost of ship supplies in the United States, in absence of rebate of duties, is about twenty per cent., in the aggregate, in excess of foreign supplies.

4. The cost of the labor for officering and manning the ship is with us, as contrasted with England, about as seventy-two is to one hundred and one; this as estimated in 1870.

5. The taxes, State and national, levied upon what enters into the creation and maintaining of an American line did heretofore exceed the tax on British lines about as fifteen to one.

6. England grants a rebate of duties upon imports used on shipboard amounting to an annual subsidy to her ships of $2,328,762 in gold. We have allowed none.

7. England pays in direct annual subsidies to nine lines

$4,201,866 in gold, and France pays $4,732,267. We allow none to any line with Europe.

Great as we are compelled to confess these differences against us now seem, I know there is not an American heart so cowardly or lost to the impulses of patriotism, or of mere self-preservation, as to sink beneath this danger of our commercial extinction, or which does not prompt the instant exclamation: "These obstructions shall be overcome and the nation rescued." The question you ask is not whether the obstacles to our commercial greatness shall be overcome, but is how surest, quickest, and best shall we remove them.

Most glad am I, Mr. Speaker, to assure the House and country that some of these differences against us are rather adventitious and temporary than real or enduring, and are already either disappearing or removable by agencies not involving the voting of any direct subsidies. Others have already been removed, in whole or part, and the residue are such as can be removed without the infliction of unbearable taxation.

Those taxes on commerce which have not already been removed by the abolishment of taxes upon shipping interests by the law of June 9, 1872, granting rebate on ship materials, etc., and by abolition of internal revenue taxes, should be speedily removed.

The advance, within a year, of the cost of iron, labor, and supplies for ships in England has materially reduced their advantages over us in iron ship-building, and the boundless and easy supplies we hold of both iron, coal, and wood, added to the ten per cent. of superiority in the tensile quality of American iron for ships, together with our either attained or attainable progress in the application of machinery in producing ships, has abolished, or soon will abolish the advantages hitherto held by England over us in the production of the iron ship. The differences which remain, and which must be met, are mainly in the cost of our labor and capital, added to the direct subsidies annually voted by other nations. How best to overcome these is the momentous practical problem submitted now to the American people and to their Congress.

But two policies have been materially pressed for adoption. These two rival plans may be stated thus: one proposes to procure for American ships from foreign countries, at their prices, whatever is required to make and maintain those lines under our flag. The other plan, and that on which the bill of the committee is founded, is to permit ship supplies and materials for ships to have the benefit of rebate of duties, or

equivalent bounties, but to insist that the building of the ships and procurement of the officers and men thereof, and the controlling ownership, shall be American and not alien, and that the differences now against us in cost resulting from insisting that these shall be American shall be overcome by direct Government aid.

My time precludes an attempt at giving even an epitome of the argument on which the committee rests its adoption of this policy. Some of my own reasons I condense thus:

First of all, any policy wholly refusing all Government aid, and trusting for the creation of an American marine to the procurement of the things, even should these be everything required to create and maintain it, in cheap foreign markets will never give us any lines or ships under our flag, simply because such lines would still have to compete with lines subsidized enormously by their governments, as in case of England, at the rate of $4,201,866, and France, at the rate of $4,732,267 per year in gold.

Next, a policy which involves our making an American merchant marine out of nothing American except what can be procured at as low prices as our rivals would be willing to supply us at, so long as we are rivals, would be marvelously un-American. The iron ship would be foreign; its supplies would be foreign; the capital in it would be foreign; insurance risks upon it would be foreign; the labor which created it would be foreign; the profits of its building would be foreign; the profits of its running would be foreign; the sailors and officers upon it would be foreign; its shapes and capacities would be foreign; its movements and control would be foreign; the docks for its repair would be foreign; and the bunting for its flag and the dyes for the colors thereof would be foreign; and the residue thereof would be American! What that residue is and the services it would render the Republic as the "American" part of our marine after we had created it they will tell you who think American lines can be created, officered, manned, and owned by our alien rivals. I have no arithmetic adequate to detect what that remainder is.

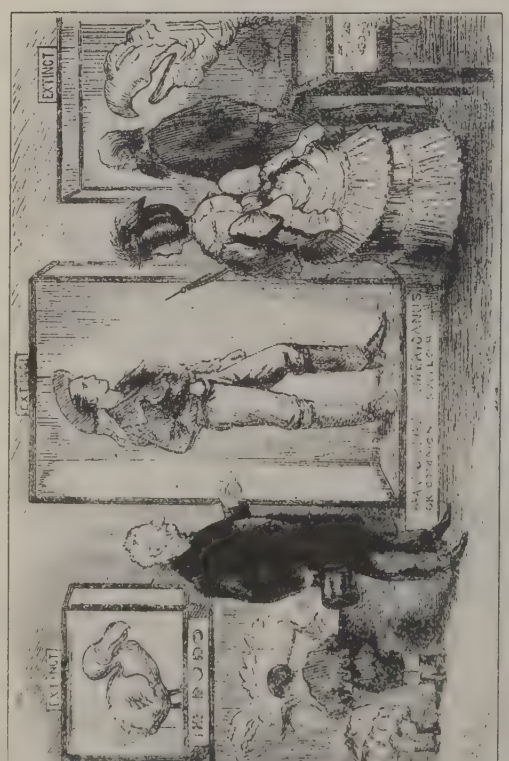
Again, political economy is preëminently the science taught by experiment—is tentative. Here a statesman is surely insane who follows mere theory and rejects what is taught by the experience of all other nations. Looking to this source of learning, I pray to be informed what commercial State has ever gone abroad for all her ships, seamen, and the capital which creates and guides them? Passing by, however, the teachings

on this point furnished by all other States, let us take the example of England. Let us take this one, not only because of this being the highest example in history of commercial success, and because it is the power we must now combat, but also because this is the example we are all pointed to as the one exhibiting the benefits of free trade in ships. From the date of the commercial code of Cromwell she not an hour ceased to enforce a policy which is summed up in a single sentence. I quote from an able report from one of your departments:

> "It seems as if British statesmen were for two hundred years haunted by a dread lest in all the wide world a loophole of advantage might be left to the ships of other nations, which, by any possibility, an act of Parliament could secure to the British flag."

In the light of that three hundred years of government fostering it is no wonder that Mr. Levi—the last chronicler of England's commercial annals—declares her commercial greatness to be the product of "superhuman" effort and care, and that he should boast that the opening of her ports and ship business to foreigners in 1849 has not taken from British subjects over six-tenths of one per cent. of their monopoly in the creation and manning of her enormous merchant marine.

But, sir, by far the gravest reasons are yet unnamed which forbid the adoption of policies making this Republic for an hour dependent for its ships, their officers or seamen, upon their supply by other nations. These unnamed reasons are the political and commercial degradation and vassalage which such policy involves in time of war. I have named the degradation and endangerment of peace which our banishment from the ocean brings in time of peace. Add to this degradation what comes to us when come the disasters of war—and, forsooth, war with the powers on whom we have decided we will depend for ships, seamen, and their officers. These ships, and the yards that produce them, and the inured and trained men who command and run them, are the production not of an hour, but years. War is now upon us—a war invited by our chosen, chronic, and insane feebleness; and what is the spectacle we see? A nation invited to accept empire on the ocean by the vastest possibilities ever bestowed of God on a single state; one whose seat is a continent; whose coast two oceans; whose material in wood, iron, coal, and every other wealth is simply inconceivable; whose home lies in the very pathway of the commerce of the globe; whose people have genius, force, science, skill, and every resource of power in degrees unsurpassed, if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OUR MUSEUM OF THE FUTURE.
Lord Palmer. "THESE ARE THE RESTORED REMAINS OF A NOBLE CREATURE LONG SINCE EXTERMINATED BY THE RAVAGES OF PESTILENT INSECTS KNOWN AS POOR TAXES."
From "Punchinello"

not unmatched, on the earth—that people is now at war and has no shipyards of her own, no ships of her own, no shipmakers of her own, no ship commanders of her own, no sailors of her own; nothing upon the seas of her own, save billions of dollars of her people's products, and these in ships mocked by the presence of a flag over them giving them neither direction nor defence; and this flag to be instantly, that war has come, supplanted by that of the alien foe that owns and mans the ship. And with your foreign-owned, made, manned, commanded "American" merchant marine transformed with all its precious freights, by the touch of war, into whole fleets of foes, and you incapacitated, by your chosen feebleness, to reproduce them in years! Such, without painting, is the spectacle presented by a nation whose rulers have deliberately elected, for times of war as well as peace, to put out to the nursing and culture of its traditional foe the very elements of its safety and of its sublime being!

Samuel S. Cox [N. Y.] offered an amendment to the bill, repealing the act of December 31, 1792, and all supplementary acts forbidding the registry of foreign-built ships, provided their owners were American citizens.

John Lynch [Me.] objected that this amendment was not germane to the bill, which was for the encouragement of shipping, since it would destroy American shipping.

Mr. Cox replied that the gentleman was confounding "shipping" with "commerce," and that the larger interests of commerce would be benefited by his amendment.

We are the only nation, Mr. Speaker, on the face of the earth which cannot go where it pleases to procure its ships. The gentleman from Ohio a few moments ago challenged us to point out a nation that sent abroad for its ships. I point to France, which goes to Glasgow. I point to Germany, which goes to Scotland also. England herself goes to different ports of her own country, although much the greater proportion of the ship-building is done by Glasgow. Every nation goes, or should go, in the interest of humanity and of its people, to that place where it can find the cheapest commodity or the cheapest industry. Do gentleman object to our having our railroads owned in England? Why, sir, the Illinois Central Railroad is owned in England.

WILLIAM D. KELLEY [Pa.].—I would ask the gentleman whether the railroads are built in England, whether the work on them is done there?

MR. COX.—The gentleman knows that a great many of the rails are constructed there, but of course Pennsylvania has almost had a monopoly of that business under the outrageous system which he has always championed. We would have had a revival of our commerce and shipping were it not for the miscalled protection which the gentleman advocates. It is a protection to the foreigner, as I could show, yet the gentleman from Maine [Mr. Lynch] says that my amendment for free shipping is not germane to this bill. I could show you, if I had time and if the House were in the humor, that $40,000,000 are earned annually at the port of New York alone by foreign vessels and foreign citizens in the carrying trade of the Atlantic; that we lose from seventy-one to seventy-two million dollars annually by the protective policy taking from the people the right to buy ships and run them and man them with American seamen, is already confessed in the treasury reports quoted by my friend from Ohio [Mr. Shellabarger].

I know, Mr. Speaker [James G. Blaine, of Maine], that in your State an effort has been made under the specious guise of drawbacks and under cover of our recent legislation to revive your shipping interests. Perhaps some little good may result in promoting the building of wooden ships in Maine and on the Delaware. But, sir, bounties have failed in every guise and device, whether by drawbacks, bounties, postages, or otherwise, to revive our commerce and shipping interests. We have a large coasting trade; we have an immense area of inland navigation; we have made great efforts to foster these interests here. But there is one interest so eulogized by the gentleman from Ohio [Mr. Shellabarger] that has not been fostered by this Congress, and all that that interest cares for is that they shall be "let alone." They do not care about protection. They are, and long to continue, free men, and to trade free. Was there any difficulty about our shipping or commerce up to 1860? We had no bounties, or scarcely any, except to one line [Collins], up to that time. Was there ever such an increase known in ship-building as up to 1856 in the United States? We not only built all our own ships, but we built ships which were sent into English ports to be sold. Why? Because by even a partial repeal of your odious tariff taxes, responding to the repeal of the corn laws in 1846, we were enabled to interchange, and through the increase of commerce to command, the carrying

trade of the world. Why, sir, we grew under the magic of our industry and of our comparative freedom from taxation from $2,180,000 in 1840 to over $3,000,000 in 1850, and to $5,258,000 in 1860!

I am simply ashamed to show our decline since 1860. It would look partisan. I am almost ashamed to discuss the causes of that decline. The talk about the *Alabama*, so far as decline in shipbuilding is concerned, is a fraud. The more ships destroyed, the more demand for shipbuilding.

When the gentleman from Ohio [Mr. Shellabarger], so learned in history, goes back to the Phœnician and other pirates of old times, and comes down, as I think he does by his bill (of course unintentionally), to the pirates of this time, who have ever preyed by tariffs and what not upon our industry, you will find that, as the result of our historic and economic experience, Pennsylvania, or its narrow selfish policy, rules us with a rod of iron. As the result of this State and local dictation, our people have degenerated in prosperity, and by the reverse policy our people would have grown in prosperity. Their growth would have been in proportion as they were released from commercial shackles. England to-day is an illustration of the splendid benefits of the repeal of navigation and all other restrictive laws. If we would be just to ourselves we would copy her example. We would make the sea free and common to our enterprise. A free sea, free as the winds and waves, is the emblem of that grandeur of nations which the irrelevant speech of the gentleman from Ohio has even aggrandized by his rhetoric.

But gentlemen by their insane tariffs as well as by their corrupt bounties have nearly destroyed commerce. All we can do now is to mourn over it as men mourn over the ruins of Rome or of Athens. They are splendid in their ruins, but they are ruins still. Our vessels, our shipyards, and our harbors speak of your former grandeur and your present selfish fatuity. Dislocated and unrecompensed labor, paralyzed and alienated labor, tell the tale of feeble and senseless Federal legislation!

There are only two ways of reviving shipping. One of them is to reduce your taxes on articles that enter into the construction of shipping, iron, steel, timber, cordage, etc. Thus you may, perhaps, revive shipping. There is another way, and that pointed out by the substitute which I hope to bring before the House. That is to allow our merchants to buy ships freely wherever they may or can. Do not, as is proposed by this bill, create a new bureau, a bureau of commerce, with certain

men at the head of it, for the purpose of intervening in business. You want them to supervise the construction of ships. Do you not propose to give them the privilege of giving bounties to a few at the expense of the many? Is there anything more unrepublican or undemocratic, more illiberal or unjust? Agriculture and commerce join hands in advocating the largest liberty in commerce. They are interdependent, and thus they make nations, ay, even the world, better and greater!

It has often been suggested to me by our leading men, and by our great newspapers in New York City, that there was no way possible for Congress to help shipping or revive commerce except by giving free registry. The unprotected classes, ever the victims of selfish spoilers, have begged that they may go abroad to buy the instruments of commerce. You allow other trades and other people to buy the instruments of their handiwork abroad, if so be they can so buy, and buy, of course, with advantage. Why is a ship, iron or wood, different from an adze or a woolen fabric? If a tariff is demanded, very well; levy it. But why prohibit entirely one kind of adjutants to industry and transportation and let others in, even under heavy burdens?

Now, the bill before us discriminates in favor of certain classes. Where do we get our right to discriminate in favor of a half dozen lines of steamships to the exclusion of all others? Is it in the Constitution? In economy? In morals?

I presented a petition here two or three years ago signed by Charles H. Marshall, of the Black Ball line to Liverpool, and other shippers and owners, asking that they might not have the competition which was fed by subsidies to contend with. They asked no aid from the overtaxed farmer or mechanic. They did not believe, of course, in the bounties given by Congress to other lines. Why should they ask Congress to help their competitors? What right have we to build up a dozen lines at the expense of a hundred? Why help a few by hindering many others who do not get bounties? What right have we to help one line running to one country, when we do not help the lines running to another country? All the laws of piracy, from Carthage down to the pirates of Algiers, cannot sanction such inequitable and swindling devices. If that be our policy, where and when shall we stop? Look at the details of this bill. I cannot now stop to consider them.' I tell you, Mr. Speaker, and fellow-members, that this bill has no limit to its power of plunder. It will drain your treasury dry. If it is not piracy, it is something worse, and namelessly worse,

because done by Government. It is not only "inequality before the law," but, if it is a law, it will draw every dollar from your treasury.

Not to refine too much, the proposition is that the Government shall help out of the treasury a few men that they may venture into this peculiar line of business, while others have to foot their own losses without the aid of the taxpayer.

Such a measure is not just. It is not equal. Being unjust and unequal, it will not foster prosperity. It cannot help commerce or shipping. It has no precedent in honest history when properly analyzed and studied. I oppose it *in toto* as the beginning of another era of corruption. I oppose it as I did in other years the connection of Government with railroads. Where is the natural right or justice, where the constitutional right by which we can, as Congressmen, connect Government with private business and fortune? Experience shows that the less we connect such private enterprises with authority the purer is the Government and the greater the prosperity of the individual and the nation.

The absurdity of the pretence that the *Alabama* destroyed shipbuilding is evident enough. If the ships destroyed by that cruiser were worth being replaced by others, would not their very destruction have given an impetus to shipbuilding? The truth is that, iron steamships at that precise epoch superseding wooden sailing ships, their destruction was no loss. They were generally insured and paid for by the underwriters with the proceeds of extra premiums, wrung from the community. Our ship owners were fortunately induced to sell their wooden ships to England, and the beneficial rather than the disastrous result is that they have been rotting in English dockyards instead of in ours. As to the bounty passed last session, it was all for the coasting trade, an already absolutely unapproachable monopoly; for it is susceptible of proof that at least seventy per cent. should be allowed on the cost of every American vessel in order to make the builder even with the Scotsman. The decadence of American coastwise navigation is owing simply to the facts that railroads are their successful competitors, and that, steamers taking the places of sailing vessels and making their voyages more frequently, less tonnage is required.

The decadence of American ocean navigation, the almost entire extinction of it, is owing partly to the latter cause, but chiefly to another one that is all-powerful. All other people of the world being allowed to purchase their ships in the cheapest markets, and the ocean being the common property of all

nations, they are enabled to underbuild and consequently to undersail us. That is the whole story.

Now for the true remedy. It does not lie in subsidies which are only for the benefit of a few companies. Every individual American citizen who wishes to own a ship has as much right to a bounty as a steamship company. It does not lie in bounties; for all bounties, to be just, must be general. Then the amount to be drawn from the treasury would be so enormous that the scheme would be impracticable. The true remedy is just this and nothing else: give every American the privilege, as my substitute does, and which every foreigner now enjoys, of buying ships where he pleases.

A few ship builders, whose theory is that government should promote a great monopoly shop for their exclusive benefit, tell us that, the duty on foreign material being removed, they can build ships as cheaply here as they can be built abroad. Simple arithmetic exposes this fallacy. Given equal cost of material (which would be impossible even if duty-free, on account of freight and other charges), what of a considerable item, labor? If in this country we must still be taxed on all the necessaries of life, so that it takes two dollars to buy here what one dollar buys in Scotland, must not the price of this kind of labor be greater here? The difference in cost of labor alone on a three-thousand-ton steamship two years ago was $200,000. It has been but little modified. I propose a bill of perfect fairness to the ship builder and the ship owner. It is a bill which shall at the same time admit materials and ships duty-free. Give the ship builder a fair chance. Let him try. If with these facilities he can build the ship, surely the merchant will have no occasion to go to a foreign market. Why should not the merchant provide himself abroad with what the builder cannot furnish him at home? Once more, Mr. Speaker, let our countrymen own ships, as once they did, that we may acquire wealth instead of giving it to strangers. Thus, reassuming our rank as a commercial nation, we may have sailors to man our fleets in case of war, and not, by a hotbed growth, make war by subsidies, as proposed by the gentleman from Ohio. In such a war we should inevitably fail.

The gentleman from Ohio has intimated, while emitting his statistical demonstration, that the price of labor in foreign countries is approximating our own. But in the business of shipbuilding I imagine that some discrepancy still exists. At least two years ago there was so great a difference that I was informed that a steamship of three thousand tons would cost

more, according to the labor and materials, in Scotland than in this country by $200,000. We know that owing to our tariff it costs more by thirty-three per cent. to build in New Brunswick than in Maine. Let the fact be understood. We cannot build ships here because of your impracticable and, I was about to say, infernal tariff. You will not, because of your tariffs, let us build ships; and you will not let us buy. It is simply a dog in the manger. I ask by my amendment, since the privilege of building ships is not allowed us, that we may buy them where we can buy cheapest.

WILLIAM D. KELLEY [Pa.].—Will the gentleman yield to me for one moment?

MR. COX.—I know what the gentleman is about to say. He is going to tell me that on the Delaware River they are building ships.

MR. KELLEY.—I wish to inform the gentleman that among the many industries of this country none is growing so rapidly as the building of iron ships.

MR. COX.—I knew the gentleman was going to say that. [Laughter.]

MR. KELLEY.—It is a square contradiction of the gentleman's assertion.

MR. COX.—If this industry is so prosperous, why does it need these extraordinary bounties? If it is so healthy and is growing, why administer to it this poison of subsidies? Why tax the body of the people throughout the country to help a special business? Why, especially when this "industry is growing so rapidly"? Why compel the farmer in Illinois to pay an extra amount for his plow by reason of your tariff to pay such subsidies? Why—when men out West are burning their prairie-raised corn for fuel—why do you keep up your taxes on coal for fuel? Why on iron for transportation by rail?

MR. SHELLABARGER.—There is one point in reference to which I think the gentleman has fallen into an error, and upon that point I would like to hear him.

MR. COX.—I ask my friend to be a little forbearing. He has made here an elaborately prepared speech of nearly two hours. He has sent over to England for statistics. I had no idea this matter was coming up to-day. I speak without my papers, and without preparation. I have not the figures I should like to dilate upon to meet the gentleman. Do not take advantage of a poor blind boy by asking statistical questions. [Great laughter.]

MR. SHELLABARGER.—We are told by Mr. Joseph Nimmo,

Jr., chief of the division of tonnage in the Treasury Department, our price would be reduced to nine and a half per cent. more than the assumed English price if our builders are allowed the benefit of drawback of duties.

MR. COX.—I wish to get at the drift of the gentleman's argument. He says there is a great difference between shipbuilding in this country and shipbuilding abroad. Yes, there is. He says that difference is constantly being reduced, and yet, while that is his argument, at the very time when we are equalizing the cost of labor in Great Britain and in this country, at this very time, in comes the gentleman, asking us to make a grand, monstrous, moneyed, and subsidized monopoly for the benefit of a few people at the expense of many. As I have often said in this House, so I say again, I am in favor, as Tittlebat Titmouse[1] was on one occasion, of giving something to everybody. [Laughter.] I wish every man, woman, and child to have a subsidy, or else I wish nobody to have a subsidy, and I prefer the latter. Is it the function of government to help one class of people at the expense of another?

OMAR D. CONGER [Mich.].—I should like to inquire why the gentleman in his argument asks that importers alone, of all the people of the United States, shall have the privilege of buying ships and bringing in their imports free of duty when everything else is required to pay its proper duty? He asks for the protection of the importers, and not for the protection of every other interest in this land. Why is it that he is in favor of giving this privilege to only one class, and that the importers, which class he represents upon this floor?

MR. COX.—The gentleman is arguing with his heels and standing on his head. [Laughter.] I wish to convince him he is wrong in attributing to me any such idea. I represent no special class. If my remarks seem to free the importers from undeserved burdens, and thus free others, I ask why should they not have the privileges of fair government as well as other people? They do not ask bounties or tariffs. Why not let them have free registry? If you choose to tax by way of tariff the ships they would buy and import and register, very well. Fix your tax. But do not make it prohibitory. Now the gentleman from Michigan [Mr. Conger] can see how he has mistaken my point, when he attributes to me a desire for special legislation.

MR. CONGER.—I do not think I understand the gentleman's point.

MR. COX.—I cannot help the gentleman to see, but if he will

[1] A character in Samuel Warren's "Ten Thousand a Year."

take my spectacles I think he will be able to see it. The gentleman from Michigan is like other gentlemen in this House who urge and obtain protection for their respective local industries. He has his lumber to take care of, and shipbuilding enhances the home market for lumber. Why not, on principles of equal justice, allow the importer to buy his ship or medium of transportation abroad? Why not allow him to go for lumber to Canada? Why not allow this without paying tax or tariff? Oh! I wish that I could make an enlarged, liberal, say a cosmopolitan, emphasis on the gentleman. But he is a Michigander. He is a man who stands by his constituents and their timber. He is limited by the interests of his own State. Well, some of the best men in this House are thus bound. Yet they know the general interest.

When I present a large, far-reaching amendment becoming the Representative of the commercial metropolis, the entrepôt of the commerce of the country; when I speak in the interest of the largest body of generous commercial men from the source and center of nearly the whole of our importing and exporting commerce; when speaking for a city which nature and enterprise have made; and into which three-fourths of our commerce goes out and comes in, the grand and proud gateway of a people of forty millions; when I consciously represent the best intellect, industrial, mercantile, economical, and liberal, in our land, and which does not ask protection or bounties, or anything in the shape of taxes to be levied on other localities or industries for their aggrandizement—a very genius of enterprise which asks only to be let alone that it may go with its ships on the free, common sea, free as its wild waves and winds, free to draw from all the world to their own country the riches of other lands, and free to send out our products in glad and golden interchanges—when I propose these generous policies, lo! the gentleman says he cannot see the propriety of my representing a selfish class of importers on a measure fraught with commercial and economical liberties.

If he will only rise to a higher plane he may perceive the meaning of my thought. I would speak for the best economy. Good economy is the highest morality. Morality approaches very near the Christian throne. If the gentleman will allow me to lead him gently along I will bring him within the consecrated pale of that fair, beautiful, and true religion which extended itself through the world and still extends its benignities —on the wings of commerce, even as in the early days on the blue Mediterranean. Ah! if the gentleman had lived in those simple and early days on one of those islands in that blue sea which Paul traversed for the evangelization of the heathen and the barbarian, and, if Paul had landed on his island and had seen him, I have no doubt that the first man whom Paul would have "gone for" would have been the gentleman from Michigan. [Great laughter.]

Why, sir, the honest importer is a laboring man; he labors in the highest sense. What does he not do by his work? He brings the products of other climes here. He asks no favor. He would bring them cheap. He would buy ships in the cheapest market. He thus makes transportation cheap. He thus makes all the necessities and comforts of life cheap. He is a benefactor, under God, to all! He would do it best by getting rid of your odious tariffs upon his business. He would do it best by free trade with all. Perhaps now the gentleman can see that the interest of the importer is the interest of the whole people. Perhaps he can see how I reconcile all the interests of my city and district. But I do not speak here, sir, for the importers only; I do not speak for my own constituents only; I speak for yours, and for all the tax-ridden people. I speak as well for the consumers of carpets, dry goods, and woolen cloths; for those who use lumber, leather, and iron. I would have everything that you tax by your tariffs relieved of excessive burden by the cheapest freights. If I do represent importers, I represent also the honest and poor people of all parts of the country. They deserve, as they desire, cheap transportation, which cheapens commodities. I am opposed to scarcity; in favor of abundance. I want competition by sailing ship or steamer, by locomotive or stage. I am against subsidies. They injure and debauch. Therefore I am against this bill, because it will drain the treasury to help a few at the expense of the people, who are the many.

The bill was tabled on January 22 by a vote of 121 to 65.

President Harrison, in his annual message December 1, 1890, repeated former recommendations in regard to the development of American steamship lines.

The reciprocity clause of the [McKinley] tariff bill will be largely limited, and its benefits retarded and diminished, if provision is not contemporaneously made to encourage the establishment of first-class steam communication between our ports and the ports of such nations as may meet our overtures for

enlarged commercial exchanges. The steamship, carrying the mails statedly and frequently and offering to passengers a comfortable, safe, and speedy transit, is the first condition of foreign trade. It carries the order of the buyer, but not all that is ordered or bought. It gives to the sailing vessels such cargoes as are not urgent or perishable, and, indirectly at least, promotes that important adjunct of commerce. There is now both in this country and in the nations of Central and South America a state of expectation and confidence as to increased trade that will give a double value to your prompt action upon this question.

On December 10, 1890, John M. Farquhar [N. Y.], from the Committee on Merchant Marine, introduced in the House a substitute for a ship subsidy bill [the Frye bill] passed by the Senate during the previous session. It came up for discussion on December 18.

Ship Subsidies

House of Representatives, December 18, 1890-February 27, 1891

Mr. Farquhar supported the bill.

I was very sorry to-day to hear a characterization from the other side of the House which seemed to me somewhat gross and malicious, that somewhere in this bill, somewhere in the management of bringing this bill before the House, there was a "job." There has never been one suspicion in the committee that there was any particular interest standing persistently there as job makers for this bill or for the substitute. The only organization of which I have any knowledge, if I may say it is an organization, that ever appeared before the committee was the American Shipping League, of which the gentleman from Alabama, General Joseph Wheeler, was the president for three years.

Mr. Wheeler.—I was elected three times, each time for a year, against my protest. On the last occasion I resigned and kept on resigning until they finally accepted my resignation.

Mr. Farquhar.—I was present at a meeting of that association on one occasion when it passed very complimentary resolutions to him for the interest he had taken in a bill of the very character that is now under consideration.

Mr. Wheeler.—At that time this bill had not been introduced. I am in favor of reviving American shipping, but that is not involved in this bill. There are other ways of reviving American shipping.

Joseph H. Outhwaite [O.] asked if the bill did not favor the Pacific Mail Company.

Mr. Farquhar.—This is a bill that cares no more for the Pacific Mail Company than it does for the owner of a coal schooner sailing out of the harbor of Philadelphia, and the man never read the bill and does not know its merits who claims that any corporation or organization in this country gets one dollar more out of this bill than it is fairly entitled to in sailing on even keel in competition with its neighbors.

Mr. Outhwaite.—Can the gentleman inform us how much the Pacific Steamship Company will receive the first year as a subsidy under this bill?

Mr. Farquhar.—If the gentleman will read the hearings he will find all the figures he desires.

Mr. Outhwaite.—I will ask the gentleman another question. Can he tell us how many points Pacific Mail Steamship stock went up yesterday in expectation of the action of this committee to-day?

Mr. Farquhar.—Not being interested in the Pacific Mail—not nearly so much as some Ohio men—I do not know anything about it, and I do not intend to have any interest in it.

A Member.—It went up four points.

Mr. Farquhar.—If we intend by legislation or otherwise to put the American merchant marine on a footing to defy the world and even to reach England in the course of twenty years, all we have to do is to go back to the protective policy of our fathers with differential duties. By this policy 12½ per cent., which is the beggarly amount of the commerce of our country that we are carrying to-day, can be increased to 90 per cent. in twenty years.

That is what is wanted. But it seems that under the courtesy of reciprocal relations with other nations this cannot be done. The nearest way to reach the result is, instead of placing differential duties in favor of American bottoms, to pay this bounty to every American vessel engaged in that trade. That is the exact position our committee has taken after full deliberation.

Some say you cannot trade with any nation unless they

trade back. That is what they call the "goods-for-goods" theory.

JAMES R. WILLIAMS [Ill.].—That is good Democratic doctrine.

ALEXANDER M. DOCKERY [Mo.].—Or reciprocity, in other words.

MR. FARQUHAR.—No; reciprocity, properly understood, carries with it amity, friendship, and strength. There is no reciprocity on the high seas where every nation fights for an advantage. Not a single American ship to-day travels the wide ocean but has to compete with a parallel subsidized line, and the American ship receives not a dollar of assistance.

Now, under the "goods-for-the-goods" theory, whether we pass a bounty bill or not, we cannot get the trade; and I want to call the attention of the House for a minute to a single fact in that connection.

Look at the excess of imports from Mexico, Central America, the West Indies, and South America. Look what a tremendous balance of trade there is against us there. Now, what inducement can this country give to these Latin-American countries if to make trade there is a difference of $80,000,000 in the rough at once? We have now a carrying trade that extends to only two main lines; all the rest is in the hands of foreigners.

There are only two great propositions in the carrying interest of the merchant marine in the foreign trade. Will you take care of your own marine and will you ship by ships built here, or will you buy your ships anywhere you wish and put the American flag over anything of foreign manufacture?

Under the French building bounty law a large proportion of the French lines were owned by Englishmen. They reaped the benefit of the French bounty. The French did, however, make a total gain in tonnage of 10 per cent. from the start. They have now as fine a class of tonnage as can be found anywhere on the face of the sea, and instead of extending the ten-year bounty law, as was expected, they simply extended the bounty, but cut out foreign-built ships from receiving any more bounties on building, and they intend to abrogate their reciprocity treaties. That is just what I said some time ago would be the proper thing to do in this country in order to build up a merchant marine.

HILARY A. HERBERT [Ala.].—During the first period of ten years after the bounties were granted the steam tonnage of France rapidly increased, but for the last five years her steam tonnage has rapidly fallen off, so that she has lost her second

place and declined to the third; and the cause of this falling off was a fear on the part of the ship owners and shipbuilders that the French Government might not continue the subsidy for another term of ten years.

When this policy is once begun, like the tariff, there is no possible end to it; it must go on with a continually increasing demand. Why do you ask us to be guided by the example of France and undertake a policy here which would result necessarily in the same condition of things? For, after ten years, as the example of France shows, we would have to do the same thing over again; while a country without any subsidy at all, like our own, can outstrip a country like France which has a subsidy, as the figures show.

MR. FARQUHAR.—Mr. Chairman, I recur to the problem of free ships.

This bill proposes, by paying bounty on every new steamship that makes more than 12 knots an hour and shall come under the supervision and inspection of the Navy Department, to build up the American merchant marine. It provides that such ships shall be certified and enrolled. How much cheaper are you going to make your defences on the ocean than that? let me ask. At the very beginning, at the very genesis of this bill, it is made conditional that the tonnage shall be of first character.

Again as to the postal matters. They offer now under this bill to turn in the sea and inland postage, amounting to hundreds of thousands of dollars a year, and instead of paying a profit to other nations running a ship this bill proposes to carry every mail free. What better proposition can you have than that every port in America can be a port for the mails?

JAMES H. BLOUNT [Ga.].—How do you carry the mails free when you take the money out of the Treasury and turn it over in the shape of bounty to these ships?

Mr. Farquhar did not answer this question but continued his line of discussion.

Mr. Chairman, I want to say a word further about this free-ship matter.

Under the present tariff act there is not anything that enters into the construction of an iron ship, or a wooden one, either, but what can be imported into this country free of duty. What more do you ask in the way of free ships? Do you want also to constitute a foreign-built ship simply a piece of "shelf

goods," or is the mechanic to be shipped to the other side if he cannot get work here, to do the work on a foreign ship? We have all of the material free and the bill covers everything down to a ten-penny nail, and yet because the friends of the American shipyards and the American sailor and carpenter do not see, in addition to what is conceded them, that you shall import the whole ship, assembled as a ship, why then we are under "restraints" in American commerce, and there is no relief to any man who is engaged in that business!

Why, it would seem that such complaints are absolutely childish when such a law as that is on the statute books. Now, your free traders and free shippers have for years knocked at the door of Congress, as they claim, and got this legislation; yet when they get it, oh, the organs of British opinion say, "No, you will have to take the whole ship, labor as well as material," buy it as shelf goods and run up the American flag to the peak as a lie.

I say it is time that we arrested the strides of a nation that claims everything for herself and finds supporters even in high bodies in this land.

Newspapers that are supported by Americans, with a few crumbs of foreign advertisements, turn their editorial columns to favor the abolition of the American sailor, the American navy, the American mechanic, and American trade. Oh, it is a fearful spectacle, that of men who, forgetting the land of their birth and the blood in their veins, have taken a partisan line that leads to the destruction of American pride and American honor. [Applause on the Republican side.]

On January 6, 1891, Gen. Joseph Wheeler [Ala.], of the Committee on Merchant Marine, opposed the bill.

We are told that we ought to pass this bill because England adopts a similar policy. There has never been a more flagrant misrepresentation uttered in this House than a statement of that character. England, with her magnificent tonnage, her great fleets engaged in foreign commerce, pays to her 8,235,854 tons of steamers but $3,184,435 a year, while were this bill in operation in England she would be compelled to pay about $300,000,000 in bounties; so far from England paying anything for maintaining her shipping, she simply pays out for steamship lines a certain amount of the postal revenues, and the total aggregate of the postal revenues is more than fourteen millions in excess of her expenditures.

In 1883 I had the honor to make a speech in this hall, when the bill was up to increase the tariff, and I alluded then to the threats of retaliation by European governments and the possible effect it would have upon the exports of the products of American farms.

At that time we exported $225,000,000 of wheat, and the threats were carried out. The tariff was raised by Germany and other foreign countries against our wheat exports, and in the seven years since that these have fallen off so that we export about $50,000,000 of wheat. Of this California supplies $17,000,000. Now these California wheat growers will buy ships for themselves to transport it when this tremendous bounty is given; a ship sailing from a California or Oregon port to England or France would draw from the treasury from 20 to 25 cents per bushel, and that, too, when they are already successfully competing with the wheat of Kansas, of Nebraska, of Illinois, of Ohio, of Indiana, and New York. That being so, what will be the pitiful condition of those States?

With the fertile soil of California upon which to raise their wheat, they can produce it almost without limit and send it to Europe, being paid by the Federal Government a bounty upon the transportation which is almost equal to the cost of production.

Again, under this bill it might be a profitable business to bring wheat from India. It would land in New York. There they would have simply to make it into flour and then ship it to England, and it would draw two bounties, a bounty for the voyage to the United States from India, and a bounty for the voyage from the United States to England.

Take the case of iron ore. Spain and Italy have iron ores of a very superior character. It is now being brought to this country as ballast.

Under this bill, iron ore coming here as ballast will draw at the minimum 83 cents per ton and at the maximum the sum of $4 a ton. Coal from Nova Scotia will draw twice as much bounty as the duty; and the consequence will be that ships bringing iron ore from these foreign countries will enable manufacturers to make iron on our coasts cheaper than it can be made anywhere in the interior.

GENERAL CHARLES H. GROSVENOR [O.].—Would not that produce free raw material substantially?

MR. WHEELER.—It would produce much more than free raw material. The bounty would pay back the duty and give a large sum besides.

MR. GROSVENOR.—And are you not in favor of free raw material? [Laughter.]

MR. WHEELER.—I am in favor of a general revision of the tariff for the benefit of American industries, but I am not in favor of selecting one material that one section of the country is interested in and making that worse than free by giving a bounty to bring it from abroad, while leaving the tariff on everything else to stand for the enrichment of other sections of the country.

MR. GROSVENOR.—But would it not have had the same sort of effect upon free raw material produced abroad? Would it not, according to your doctrine, stimulate our industries along the seacoast?

MR. WHEELER.—It would certainly stimulate many industries. Take, for instance, lime. When a ship coming from St. John with a load of lime receives this bounty, the tendency will be to bring foreign lime to this country in competition with the lime produced here. I contend, from a careful calculation, that the bounty will entirely wipe out the duty under the existing tariff bill, and it would much more than wipe out the duty exacted by the tariff law which the McKinley bill supplanted.

Again, take lumber. All you have to do is to establish a lumber industry at some place in Maine, then bring in your lumber from Canada, simply plane it on the edge; that makes it "manufactured," and you get a rebate on the duty, and then you get a bounty for bringing it to this country, and, again, a bounty for carrying it to England.

The report of the chairman of the committee quotes evidence tending to show that ships built abroad are no better nor are they any cheaper than those built at home. If that be true, what is the harm to have a free-ship bill? The only effect would be this: That it would make the shipbuilders of America build ships at a reasonable profit, while without free ships they can, by having a "combine" or entering into a "trust," so arrange their business as to have the power to charge any price they please; and that is contended for and made possible by the prohibitory laws regarding American ownership of foreign vessels.

If we had free ships none, or very few, would be imported, but ships would be built in America and sold cheaper than anywhere else on earth, and cheap enough to make it profitable to use them in the foreign trade, which alone would contribute more than this bill possibly can to build up American shipping.

SETH L. MILLIKEN [Me.].—Has the gentleman ever heard of a shipbuilding trust in this country and does he not know that there is no such thing?

MR. WHEELER.—The shipbuilding interests are combined by a tacit understanding, which is the same as a trust, and they maintain their prices, which are some 30 per cent. above the price of foreign ships, when I have abundant proof that ships can be made in this country at a cheaper price, and better ships, than anywhere else in the world. Lumber is cheaper here, iron is cheaper, hemp is cheaper, cotton for sails is cheaper here than in any other shipbuilding country.

On January 29 of last year Charles H. Cramp stated to the Committee on Merchant Marine that his yard could build a ship like the *City of Paris* for 8 or 10 per cent. more than such a ship would cost in England.

The above shows that the cost of building ships in this country under the old tariff was but little greater than in England, and with a revision of the tariff it would seem that we could build ships cheaper in America than in England.

Mr. Cramp also, before the Senate committee, in reply to a question propounded by Senator Morrill as to the average rate of duty upon materials used in the construction of ships, said:

> About 40 per cent.; and if our shipbuilders could be relieved from that they could compete successfully with foreign builders. The difference in the cost of labor would be overcome by the superiority of American mechanics. Wooden ships will no longer be built, since iron ships are superior in every respect.

It will be seen these shipbuilders were quite well satisfied at one time to work upon their own resources, but when the Republican party advertised that the purpose of their party was to make the rich man richer by subsidizing industries controlled by monopolies, it was natural for them all to come and ask for their part of the spoils.

It will also be observed that John Roach also sustains me in my statements regarding the cost of American labor, and refutes the assertions we hear so often repeated by high-tariff advocates upon that subject. Mr. Roach says:

> The labor question is misstated. We are prepared to meet that difficulty, and to ask no further legislation on that subject.

Here General Wheeler summarized former debates on the question of ship subsidies.

I invite attention to the confident and positive opinion of that distinguished lawyer and legislator, Senator Edmunds, of Vermont, that it is as much a violation of the Constitution to grant such subsidies to Americans as it would be to grant them to foreigners.

I think with the great Daniel Webster that it is not by protection and bounties that a people's maritime supremacy is to be established.

I concur with General Butler in the conviction that it is not a good business proposition for any set of men to build up any great enterprise on a subsidy by the Government.

I unite with that great statesman, Senator Lot M. Morrill, of Maine, in the decided negative, not a dollar of subsidies, and earnestly second his demand for cheap materials as an indispensable prerequisite to success in the effort to regain our lost supremacy on the ocean.

I agree with Senator Zach. Chandler, of Michigan, in the assured belief that subsidies will never restore our flag to the ocean.

In conclusion, let me say there is no member of this House who desires more sincerely and earnestly than myself the rehabilitation of American prestige on the ocean. I want to see our flag, that emblem of energy, progress, and human liberty, float on every sea; I want to see it wave over prosperous fleets in every port; I want the products of American skill and industry to find their way unfettered to every country and to the people of all nations; I want the moral influence of American character, American thought, and American principle to penetrate to every clime.

To accomplish these objects it is not new legislation that we need so much as the repeal of old laws which have been a hindrance to our progress.

Give American pluck, enterprise, and skill, unhampered, untrammeled, and unchecked, their rightful opportunity and legitimate sway, and their triumph upon the ocean will be as grand and signal as have been their victorious achievements in all other fields of endeavor.

Hilary A. Herbert [Ala.] opposed the bill in a speech which extended over parts of two days (January 6 and 7).

You propose to give these subsidies for twenty years. That is your legacy to the American people as you go out of power.

You impose upon them this burden which you undoubtedly hope they will be unable to shake off for that period, and why? Why do you make your bill run twenty years? The answer is plain. The testimony of Mr. Cramp, which you did not see proper to allude to in your report, seems nevertheless to have influenced your action. He shows that the result in France demonstrates that ten years of subsidy is not enough. The shipping that is propped up on a general subsidy will begin to decline as soon as there is a prospect that the prop is to be taken away. The infant that is fed with a subsidy, as soon as it gets strong enough to use its legs, will walk up to the Government crib and ask for more, and when he gets strong enough to do it he will enforce his demands with a club in hand. It is true, Mr. Chairman, that we have never before tried a wholesale subsidy like this, but never before did we have such a Congress as this; never did we have a Congress that would appropriate a million and a half of dollars for a World's Exposition, inviting foreigners to bring in their wares for display, and then immediately afterward pass another bill [the McKinley Tariff] avowing its purpose to be to prevent these same foreigners from selling us their wares.

But, Mr. Chairman, we have tried subsidies to shipping three different times, and three different times have we abandoned them. Every time, or, if not every time, certainly twice, the American Congress was disgraced by the efforts put forth by the parties who received the subsidy to perpetuate their hold upon the Government bounty. This struggle always was and always will be desperate, a death struggle, because it always was and always will be the case that shipping that comes into existence as the result of bounties must have those bounties continued or it must die.

What else besides disgrace was the result of the experiments we made? Did you build up any trade with China? No. Did you build up your trade with Brazil? No. Did you build up your commerce with any nation anywhere? No. If there is any period of time prior to 1860 during which the proportion of the American carrying trade done in American vessels was dwindling away, when we were losing in the race with England, it was that period from 1850 to 1860, as your own figures show, and this was at the very time of our first experiment with subsidies. I admit that if you subsidize everything and put plenty of money in the hands of ship owners you can build up a merchant marine, just as you can raise elephants in Boston if you appropriate money enough to keep them under

glass and supply them with steam heat; but you must keep on paying the bounty. The moment you stop it your hothouse fabric crumbles and falls to pieces.

The money to defray the expenses of this scheme upon which you are entering is to be raised by taxing all the people. The immediate benefits, the direct benefits of the system are to be reaped by the favored class. The people at large are to bear the burdens. The theory of the bill is that those burdens are to constantly increase. From year to year you say the shipping will grow, and from year to year the subsidy will grow, and the people's burden will be heavier and heavier. If that is not to happen, then you would not want and nobody would want the subsidy. Well, I will not say that. It is perhaps going a little too far. I was thinking, gentlemen, of you who advocate this bill and the magnificent plans you have in view. I think you will be willing to admit that you favor the plan because you think it will build millions of tons of shipping and cost the people hundreds of millions of dollars, and I suppose you are further willing to admit that, if it will not do that, then you do not want it. But I was forgetting the lobby that is behind you, gentlemen. I was forgetting your friends who own the ships that are now on the seas. It is fair to presume that the ships are there because they are making a profit. These gentlemen want the Government to add to these profits. In the language of Mr. Flanagan, that is what they are here for. Whether the tonnage of the American marine is ever increased by a single vessel does not affect the question with them. They want government money—they want it now—and your bill proposes to give it to them.

But you gentlemen, statesmen, looking ahead as you should look to the interests of this country in the future, do you want the subsidy if the American merchant marine is to stand as it is now? All of you say no. You wish to tax the American people this unknown amount because you think that the American merchant marine would double, treble, or quadruple under its operation. You wish the amount of the subsidy annually to double, treble, and quadruple, aye, to increase ten and even twenty fold, and you declare by this act if you can have your way that the taxpayers shall foot the bill. That is what you mean. It is either that or nothing. And yet you have the amazing effrontery—I beg gentlemen's pardon; that seems to be a strong word, but it seems only a proper characterization of the act—to get up here from your seats, two of you almost at the same time, and interrupt a gentleman in debate that you

may tell the taxpayers of the country that you do not expect that this bill will result in any reduction of freight rates; that it is not intended to have that result; that its only purpose is to help the ship owner; that all these taxes are to be paid by the people simply to put the American on the same footing and help him carry your freight at the same rates that the foreigner does. In the face of this declaration, where is the representative of the farmers on this floor who will dare vote for this bill? That seems to me to be the whole question in a nutshell.

Now, Mr. Chairman, I spoke for a moment of subsidizing ships which would be a burden to us in time of war. Those who have studied this question know well that one of the principal uses a nation has for a navy is to protect its merchant vessels, and that the size of a navy ought to be measured, to a certain extent, by the number of merchant vessels it is required to protect. The value to Great Britain of her navy, for instance, is often estimated by saying that she has one cruiser for so many merchant ships and one line of battleship for so many merchant ships. But you propose here to subsidize our sailing vessels, which are not fit for any purpose in time of war, except to be an incubus on the navy, and to call on the navy for more ships to convoy and protect them against the enemy in time of war. [Applause on the Democratic side.]

Now, then, let me discuss this catch phrase, "Trade follows the flag." Trade, like water, runs in natural channels, seeking always the lowest level of prices to get to the best markets; and, when untrammeled by law, trade knows no more about a flag than water does. Let me illustrate. We have a trade with Brazil, a somewhat extensive commerce; but it is nearly all on one side, and this onesidedness is not affected at all by the flag or flags which carry it, but entirely by other considerations, as I shall show.

We imported from Brazil last year $59,000,000 worth of goods. Our people wanted the coffee, the rubber, the sugar, and other products of Brazil and they were willing to pay for them; hence these products came to us. There was no lack of transportation. There are five lines of regular steamers plying between the two countries, one of these at least, if not more, being American. Then many tramp steamers engage in the same trade. Those who ship goods send them, of course, by the vessels which will bring them cheapest. When the vessels come here what do they have to carry back?

Altogether they carried $11,000,000 worth of goods; that is, we bought more than five dollars' worth from Brazil where we

sold only one dollar's worth. And why? Not for lack of transportation, but because we did not have the goods Brazil wanted to buy. The agricultural products needed in Brazil are very largely supplied by the Argentine Republic and by Uruguay. They cannot get return cargoes of manufactures, because the manufactured goods of this country cannot compete with the manufactured goods of Europe, and especially of the United Kingdom.

The difference between the European prices and prices here is measured by the McKinley bill. That bill says in effect that 47 per cent., the average of the old law, does not measure the difference. It was not sufficient to enable the American manufacturer to compete with the foreigner. On that ground the McKinley law raised the average rate to 61 per cent. So 61 per cent. measures the difference between our goods and the goods that Brazilians can buy from across the water. And so they will not buy of us. We have no power to compel the Brazilians or any foreigners to buy high-priced goods. We have the power to compel our own people to do it, and unfortunately we exercise it. But, inasmuch as these South Americans are not under our laws and inasmuch as they do not agree with some of our statesmen who say that cheap goods are nasty goods, they buy their wares from the points where they can get them the cheapest.

Thus is established the route known among mercantile men and shippers as the "mutton-leg route." It describes a mutton leg, coming up from Brazil to our ports to bring us what we want, then for want of a return cargo going over to Europe to get cheap goods that are needed in Brazil, and then carrying them straight to that country. So we see that, as long as our manufacturers are denied, by our tariff laws, the benefit of free raw materials which would enable them to compete with these foreign manufacturers, the United Kingdom and France and Germany all reap a profitable trade with Brazil, which geographically belongs to us. Now, what has the flag to do with trade? Does it influence in any way? Whose flag is it that causes us to buy from Brazil five times as much as we sell to her? Yet the hope is held out to our taxpayers, and our farmers especially, that by an indiscriminate subsidy of this kind some new markets somewhere are to be opened to them. How and at what price?

Mr. Chairman, I oppose such legislation as this, and I will always oppose it, come from whatever quarter it may. I stand upon the doctrines of the old Democratic party, the party that it has been justly said is enduring because it is right and invincible because it is just. That party demands equal and exact

justice to all men and special favors to none. He who once departs from this great foundation principle, he who demands for any set or class of men privileges or favors from the Government that are denied to others, cannot stand upon its doctrines.

But there is a measure which in my opinion would help the carrying trade and help the shipping of this country. That is the scheme that was adopted by England in 1849 when she found that America was outstripping her in the race upon the ocean. She then enacted a law for free ships, giving her people the right which they enjoy to-day of buying ships wherever they could buy them cheapest. Germany does that, Norway does it, Italy, France, and Germany all do it. No civilized nation in the world except this has any such law as that which we maintain, a law that is a relic of that semibarbarous policy by which nations once sought to build themselves up by striking other nations down. We began to lose our carrying trade when iron ships superseded wood. Other nations build iron and steel ships more cheaply than we do and they always buy ships now where they can buy them cheapest; but here is a bill which starts out with the avowed purpose of equalizing the shipping of America with that of other countries, and yet it fails to repeal that old law, and its authors refuse to remedy this defect.

Why profess in the title of the bill to equalize when you refuse to equalize? Oh, no; the men who are lobbying for this bill prefer a subsidy; they prefer to hold onto the law which compels them to buy ships at home and call on the people to equalize, as they call it, by paying the money from their pockets; and all this on the plea that they could not compete, even if they had free ships. That this is not true is demonstrated by figures furnished by the Government authorities, which show that, as against all other countries of the world, we do two-fifths, or 40 per cent., of the shipping in sail vessels simply because we can furnish sail vessels as cheaply as other countries. This fact demonstrates that when we have the vessels on as favorable terms as other countries we can afford to run them in competition with foreigners. What we do with sailing vessels we could do with steamships if we only had free ships.

In conclusion, Mr. Chairman, let me say that I hope that this bill may not pass. But it may be better for the country that it should, for it will, in my opinion, be hastening the end. The people have condemned bounties and subsidies by unheard-of majorities, and they will complete in 1892 what was

only half done at the November election, the destruction of the Republican party.

Nelson Dingley [Me.], of the committee, supported the bill.

Mr. Dingley.—Mr. Chairman, the gentleman from Alabama entirely overlooked the vital fact that a merchant marine and shipyards and trained seamen and skilled shipwrights are essential to commercial independence and national defence.

Readers of the debates in the early Congresses that assembled after the framing of the Constitution must have noticed that those great men who laid the foundations of this Government dwelt largely, in their discussions and in their legislation, upon the vital importance to the preservation of the nation of a merchant marine and shipyards, of trained seamen and skilled shipwrights. I am sure that any gentleman upon this floor who has read the celebrated report made by Jefferson upon this very question has noted that that great statesman, the founder of the true Democratic party, laid it down as a fundamental proposition that the care of the merchant marine of the nation and the preservation of her shipyards, to which the nation might resort in time of war for the construction of transports and cruisers, were as vitally important as the maintenance of forts and navies.

Unless some steps shall be taken by the Government of the United States looking to the support of this interest until it can be intrenched as the British shipping was intrenched under the assistance given by the British Government, within ten years nearly every vessel engaged in foreign trade which floats the Stars and Stripes will have been driven from the ocean.

I desire at the very inception of this discussion to disabuse the mind of every gentleman present of any impression that he may have received that tariff changes or tariff policies or any question at issue between our political parties have had anything to do with the decline. If some one asks what is the proof of this, I point to the fact that our shipping in the foreign trade prospered equally well under the protective tariff of 1842 and also the revenue tariff of 1846 for nine years until 1855, and that then, in the midst of the operations of the revenue tariff of 1846, the decline commenced and went steadily on through the remaining years of both the revenue tariffs of 1846 and 1857; and the decline has gone on, not at quite so rapid a rate, but it

has gone on continuously under the protective tariff since the war.

The suggestion has been made in the progress of the debate that under the existing tariff policy of the Government we are depriving our vessels of cargoes; that if we could go back to a revenue tariff the cargoes would increase, and as a consequence our shipping interests would increase with them.

There were never so many cargoes as there are to-day, 50 per cent. more per capita in the last decade than in the decade between 1850 and 1860. But the trouble is that British and

PROTECTED TO THEIR OWN RUIN

[Tariff on Raw Materials]

Cartoon by C. J. Taylor in "Puck"

other foreign vessels, admitted to participate on equal terms with American vessels in the carrying trade of the United States, have been able to distance our shipping, and carry the cargoes which ought to have been carried by our own vessels and to our manifest disadvantage.

Again, Mr. Chairman, the suggestion has been made in the progress of the debate, and elsewhere, that changes of tariff have increased the duty on shipbuilding materials, and, therefore, because of these duties, we cannot construct vessels for foreign trade in competition with the British. Now, in reply to that I simply desire to call the attention of the committee to the fact that in 1872 a law was passed putting upon the free

list all materials necessary for the construction of American wooden vessels to be employed in the foreign trade; that in the tariff of 1883 this law was reënacted and the list of materials enlarged; and that in the tariff of 1890 all the principal materials necessary for the construction of a vessel, whether of wood or iron, for the foreign trade were admitted with a rebate of duty or free of duty. So that the question of duty on the materials employed in the construction of vessels does not enter at all into the discussion. They are all free now, and the difficulty, so far as it lies against us, is entirely in the difference of wages of the labor employed in constructing and equipping the vessel, from the materials, here and on the Clyde.

This decline commenced in 1855. What great events having a bearing upon ship construction were then in progress? The revolution from wood to iron and steel in materials for construction, and from sail to steam in the propulsion of vessels. So long as the wooden sailing vessel controlled the ocean commerce of the world, so long the United States, as the possessor of cheaper shipbuilding materials than any other nation, requiring comparatively little labor to construct the vessel, and that vessel a sailing vessel requiring but a small crew, so that whatever additional wages might be paid to seamen were overcome by the advantage we had in the construction of the vessel—so long as that condition existed we could defy the world in the control of ocean carriage. But unfortunately for us, although not unfortunately for mankind as it will prove in the end, I trust, this great revolution, commencing about 1840 and culminating in success about 1850, became an accepted fact about 1855, when England, as the possessor of iron ore and coal in juxtaposition near the seashore, with cheap labor to work them, seized upon the advantage given her by this revolution, and the tables were speedily turned.

But this advantage, obtained by England in the ocean carrying trade, could not have seriously affected us if, in 1850, feeling entire confidence in our ability to maintain ourselves and not having carefully weighed the significance of this great revolution that was taking place in shipbuilding, we had not, by an arrangement with Great Britain, admitted her vessels to participate in our carrying trade on equal terms with our own vessels in return for similar participation in her carrying trade. We thought then it was a good bargain, but it marked the decadence of our shipping in the foreign trade. Previous to 1855 British vessels participating in our carrying trade were obliged to pay discriminating tonnage dues upon their vessels and upon

the cargoes which they carried discriminating duties. These were all removed in October, 1849, to take effect on the 1st day of January, 1850.

But even this would not have brought about the rapid decline of our shipping that has followed if the Government of Great Britain, taking advantage of this revolution in shipbuilding, had not come to the aid of her shipping by a most gigantic system of subsidies.

The third cause of decline was the Civil War. That, to be sure, was temporary, but its malign influence cannot be overestimated. One-third of all our shipping in the foreign trade was swept from the ocean—captured by Confederate privateers or transferred to foreign flags for the purpose of avoiding capture. Not only that, but when our hands were thus tied during the four years of civil war Great Britain redoubled her efforts to intrench her own shipping. What did she do? She adopted the policy of building 80 per cent. of all her naval vessels in private shipyards for the purpose of encouraging the establishment of great iron and steel ship plants. More than that, on all or nearly all of the routes of ocean travel she offered large subsidies for the purpose of establishing British ship lines.

So that when we came out of the Civil War in 1865 we not only found that our shipping had been swept from the ocean, but we found on our own hands problems that engrossed the attention of the nation, while Great Britain was intrenching herself on all the ocean routes of commerce. Not only that, but immediately after the war, engrossed as we were with these great problems, with the new West opening and inviting such magnificent opportunities for capital and for labor, opportunities greater than could be offered by maritime pursuits, the attention of our people who had formerly been interested in shipping was transferred to the great West, so that we find to-day seven-eighths of all the great houses that were engaged before the war in shipping have had their interest and capital transferred into other channels.

Now, Mr. Chairman, in such a condition as this, with only 12½ per cent. of our imports and exports carried in American vessels, with Great Britain intrenched on every ocean route, with all the advantages that she possesses, it is obvious, or ought to be obvious, that it is utterly out of the power of private individuals, without assistance in some direction, to dislodge the shipping of Great Britain, which has obtained possession of and intrenched herself on all the seas.

Our ship owners have been trying since the war to recover

themselves, but they have found every route of commerce pre-empted by subsidized British steamship lines. They find that great shipbuilding plants have been established in Great Britain by government aid extended through contracts for the construction of government vessels at the most extremely liberal prices. In this situation it must be clear to anyone who will take the trouble to investigate this question that we have come to a pass where if we are to have shipping in the foreign trade built in American shipyards and flying the American flag something must be done outside of merely individual effort.

What is the remedy that is to revive our merchant marine and foreign carrying trade, which is proposed by gentlemen who oppose this bill? The gentleman from Alabama [Mr. Herbert], with his accustomed ability, has presented that remedy. It is that we modify our navigation laws so as to allow the importation and American registry free of duty of foreign-built vessels. That is the remedy, and the only remedy, suggested in this condition of things, either in the arguments of gentlemen on the other side or in the minority report of the committee.

This is proposed as an adequate remedy, but not a single fact has been presented to show that it would be adequate, even if it were safe and wise.

Mr. Chairman, I desire to call attention to the fact that if it is proposed to give the right of free importation and registry to foreign-built vessels, in order to be effective it cannot be confined to the foreign trade, but must include the coastwise trade also. Why? No man would ever think of buying a vessel built abroad and registering it as an American vessel if he could not use her wherever American vessels could be used. If he is to be restricted to one particular trade he never would think of investing his money in any such direction. Why, when the chief of free-ship apostles was before the joint select committee in 1882 I asked him the question, "Would any ship user think of buying a foreign-built vessel for American register if the use of such vessel was limited by law to the foreign trade?" and he replied, "No."

Mr. Herbert.—If I understand it, the Inman Steamship Line have had built abroad and are now having sailed under the British flag several of their steam vessels. An attempt was made to get a bill through Congress to allow them to do that thing, and it was defeated in the Senate. That was about three or four years ago.

Mr. Dingley.—So, Mr. Chairman, when we enter upon the free-ship policy—that is, the policy of the free importation and

American registry for a completed manufacture like a fully equipped steamship, the most wonderful piece of mechanism that has ever been made by human ingenuity—when we once enter upon that policy we provide an entering wedge for the free-ship policy for all our shipping; and it will be impossible, when we once enter upon such a policy, to prevent yielding to the force of the argument that, if you give the right of free importation of vessels for one voyage, you cannot deny it for another.

But without regard to that, Mr. Chairman, it is almost the universal judgment of gentlemen acquainted practically with this question of ship use that the free-ship policy would prove at this late day, whatever it might have done before the war, inadequate for the purpose contemplated. And why? The difficulty of competing with foreign vessels is not so much in the original cost of the vessel here and on the Clyde as in the difference of the cost of running the British and American vessel after it is completed. Within the last ten years the difference in the cost of a British-built and an American-built iron vessel has been reduced more than one-half; so that, while in 1882 this difference was about 30 per cent., it is now only about 15 per cent. in the cost of freighters, and from 10 to 12 per cent. in the cost of passenger steamships.

An iron or steel vessel has a lifetime of from thirty to fifty years. A difference of 10 or 12 per cent. in the original cost spread over fifty years is almost infinitesimal in the amount to be charged to any one year. Besides, it is claimed, and I think there is good ground for the claim, that as a matter of fact, comparing quality with quality, the American-built vessel now is practically as cheap as the foreign-built vessel for the reason that her plates are made of better iron; and, unless there shall be some step taken whereby American shipyards are driven to the wall by the adoption of a free-ship policy, the time is not far distant when our shipyards will be able to compete with foreign shipyards in the cost of vessels.

The growth of our iron and steel shipbuilding yards in the last ten years has been wonderful. We have to-day some of the finest iron-shipbuilding establishments to be found in the world, and they are rapidly diminishing the cost of construction of vessels that are shown to be the equal, if not the superior, of any in the world. The naval vessels which have recently been constructed in American shipyards have proved to be fine specimens of naval architecture and compare favorably with the best vessels of the British navy.

At this time, when we have almost surmounted the obstacles in that direction, when we are well-nigh able to construct iron and steel vessels as cheaply as any country in the world, when the builders of vessels for the foreign trade may lay their hands upon the foreign material free of duty, to seriously propose to abandon our shipyards and to go to the Tyne and the Clyde for the purpose of having our vessels constructed shows, it seems to me, a singular disregard of the best interests of the nation. Why, if we should do that to-day and do nothing in the direction of bringing together the cost of running American and foreign vessels, the experiment would be an utter failure and would result in the crippling to a serious extent of the shipyards which we now have, and would prevent the establishment of new shipyards to which the nation might turn in case of war in the future.

Some gentlemen may ask how it is that it costs more to run an American vessel than a British vessel. I refer them to the report on this subject of Mr. Russell, who was our consul at Liverpool, a prominent Democrat, agreeing entirely with the party on the tariff question. He made an investigation at that port as to the wages paid to masters, mates, and seamen upon American and upon British vessels respectively. The report was made to the State Department, under date of November 18, 1887. He sums up the situation as follows:

> British vessels in domestic ports can procure crews for from 37 to 32 per cent. lower than those paid on American vessels. Then, again, the cost of maintenance on American ships is about 40 cents per day per man against the English 29 cents, or a difference of 27 per cent. in favor of the latter.

And this 27 per cent. higher cost of maintenance is not due to provisions costing more in this country than in Europe, but to the fact that our seamen and other laborers will not live as seamen and other laborers live abroad; for Consul Russell adds:

> It is an acknowledged fact that the living on board our vessels is superior to that of other nations.

Mr. Outhwaite.—That was the case thirty-five years ago, when we competed successfully with English shipping.

Mr. Dingley.—But the gentleman must be aware that now, when the commerce of the world is being controlled mainly by steamships, the relative cost of labor in running a vessel becomes a much greater element than it was when wooden sailing vessels controlled this commerce, because it takes a great many

more men to run a steamer than a sailing vessel. Forty years ago, whatever disadvantage we had in running a sailing vessel was compensated by the fact that we could supply wooden sailing vessels more cheaply than any other nation.

Mr. Dockery.—Does the gentleman from Maine take into account the fact that, according to his own report made to the Forty-seventh Congress, 90 per cent. of the crews of American vessels are foreigners?

Mr. Dingley.—That does not make any difference. When a foreigner comes to this country and obtains employment, he gets American and not foreign wages, and demands American and not foreign fare; and I am glad that it is so.

Now, with 32 to 37 per cent. higher wages, with 27 per cent. higher cost of subsistence on an American than on a corresponding British vessel, do not gentlemen see that the difference in the cost of running the two kinds of vessels is so great that unless this difference can be bridged over in some way or the wages of our seamen can be brought down to the foreign level (and I should regret to see the latter result), it is impossible for us to run our vessels in competition with British vessels?

Mr. Dockery.—The gentleman stated a moment ago that the 90 per cent. of foreigners on our vessels receive American wages. Now, I desire to ask him why, if that is true, American wages will not command American seamen.

Mr. Dingley.—The gentleman very well knows that in the long period since the beginning of the war, with our foreign carrying trade dying out in consequence of open foreign competition, our young men who love a roving life have had their minds diverted to the West; they have been turned to other pursuits, and we shall have to take a little time to draw them back to the old-time sea pursuits, which once had so great attractions to so many of your youth.

But, Mr. Chairman, the most vital objection to the free-ship proposition addresses itself to national interests, not simply to economical considerations. Why was it, may I ask gentlemen, that on the recommendation of Washington, with the earnest approval of Madison and Jefferson, the First Congress of the United States passed the law which my friend from Alabama [Mr. Herbert] has stigmatized as narrow and unstatesmanlike, providing that vessels registered as American vessels should be built in the United States and officered by American citizens?

Would that the statesmanlike views of Jefferson on this question might now animate gentlemen upon the other side and

lead them to see that a merchant marine in the foreign trade, built in our own shipyards, to which the Government can resort for the construction of cruisers and transports in time of war, is as necessary to commercial independence and national defence as forts and navies; and that the adoption of the policy of relying upon a foreign country to supply us with vessels would be unwise, suicidal, and unpatriotic.

MR. HERBERT.—That law was passed at that time in retaliation for the then existing system of England. But in 1849, when England found that we were building better and cheaper ships than she was, she abolished her policy in that direction and allowed her ship owners to purchase from us their ships in order that she might outstrip us. Now, why should not her example be followed by us at this time in a bill the object of which, as stated in its title, is to place us on an equality with foreign nations?

MR. DINGLEY.—Is the gentleman willing to imitate Great Britain's policy of subsidies also?

MR. HERBERT.—I am willing to imitate her policy in respect to free ships; and I ask you why you are not.

MR. DINGLEY.—Now, a word in response to the suggestion of the gentleman that in 1849 Great Britain repealed her navigation laws and allowed her citizens to buy ships abroad and have them registered as British vessels free of duty. She did that; but she did not take that step until after she had adopted free trade as to every other industry in her country. The last thing that she put under the free-trade system was her shipping. More than that, she would not do even this until it had been demonstrated by the revolution in shipbuilding that she would be able to distance the world from that time forward in the construction of iron and steel vessels.

MR. BLOUNT.—Is it not true that in the debates in the British Parliament on the passage of the bill just referred to it was proclaimed on behalf of the shipbuilders and the ship owners and the naval officers of Great Britain that the adoption of the policy then proposed would result in the destruction of the commerce of that country?

MR. DINGLEY.—Some, it is true, made the claim that it would destroy the British shipping in the foreign trade, but the wiser heads who understood what progress had been made in iron shipbuilding knew otherwise. If the gentleman will read the history of British shipping he will find that, while on the occasion referred to some persons thought that England had not reached the point where she could defy the world in

this matter, yet those who had most thoroughly examined the subject predicted that the British nation had reached a point, in view of the revolution in shipbuilding, where they could defy competition. But even this step was not taken until after England had adopted free trade as to every other interest; for they deemed their shipping interest the most vital for the safety of the nation.

MR. BLOUNT.—The gentleman speaks of "wiser heads." Did not Disraeli and many other distinguished English statesmen in the House of Commons and the House of Lords claim that this new policy would ruin British commerce? The vote was very close in both houses.

MR. DINGLEY.—If the revolution in shipbuilding from wood to iron had not then been in successful progress, and if the result had not been clearly seen, Great Britain would have waited before lifting protection from her shipping, even after having lifted it from every other industry of the land. After we have adopted free trade as to every other industry in this country, it will be time to consider whether we can safely do it as to ships. At least England took that course.

But, Mr. Chairman, the gentleman from Alabama says that all of the nations of the world have adopted the free-ship policy except the United States. In form many have, but practically none. Why, France, although apparently adopting the free-ship policy, gives a construction bounty only to vessels built in her own shipyards, and double the navigation bounty to such vessels that she gives to foreign-built vessels. Italy, after trying the free-ship policy for twenty years, became alarmed at its unsatisfactory results, and in December, 1885, practically superseded that policy by offering a construction and navigation bounty for all vessels built in Italian shipyards. And even Germany in her latest subventions insists that the vessels receiving such bounties shall be constructed in her own yards.

In 1850 Great Britain started off on a scale such as was never before known in the history of any government upon this policy of establishing steamship lines on all the great routes of commerce by the aid of postal subsidies, as she calls them. For instance, in 1868, when the British steamship line to Brazil got into difficulty in consequence of competition with a French line, the British Government came forward and entered into a contract with the company to guarantee it 8 per cent. dividend upon its investment, or at least $360,000 a year, to maintain that line. Here was the spectacle of Great Britain

entering as a partner in the maintenance of a British steamship line when a French line was ready to carry the mail for less than one-half that amount. And yet we are told, "Great Britain has left her shipping to take care of itself." I wish that we could have a little of such care here.

But some one says, "What Great Britain did thirty years ago is of no consequence; to-day she is not expending so much. She is giving only fair mail pay."

MR. DOCKERY.—What the United States did thirty years ago is of some consequence, taken in connection with what Great Britain did.

MR. DINGLEY.—I will come to that in a moment.

JOHN F. ANDREW [Mass.].—That is the point of the argument.

A. J. HOPKINS [Ill.].—Granting that the English and the French governments do subsidize their lines, does not the gentleman's argument lead right to this, that if we subsidize our lines the English and French governments will increase their subsidies until it ultimately comes to a question of a paternal government where the United States will have to run her marine?

MR. DINGLEY.—All I can say in reference to that point is that I think it is the duty of the United States in her own defence, for the maintenance of her commercial independence, to maintain her merchant marine upon these great routes of commerce upon the ocean, and if she cannot do that she fails in a material regard in the duty of a government. And no one who has investigated the subject doubts that if we had continued the policy which was inaugurated in 1847-1850 and given up partly in 1855 and finally in 1858, and had extended this policy in other directions, we should have maintained our lines with an expenditure far less than that made by Great Britain.

MR. HOPKINS.—But why would it not be better for the Government at once to establish Government lines and pay for them out of the Treasury of the United States, and if there is any profit in it retain it in the Treasury?

MR. DINGLEY.—The obvious answer to that suggestion is found in the success of other maritime nations in successfully maintaining steamship lines on the great routes of commerce by postal subsidies far less expensive than Government lines would have been.

It is true that Great Britain is not now paying postal subsidies to the amount of $6,000,000 per annum, as she did in 1870, but the reason that she is not is because she has success-

fully established her lines upon all the great routes of commerce and, having intrenched them, they do not need the encouragement that they once needed. Yet last year she paid to her steamship lines a postal subsidy of $2,775,000 and a subvention of nearly half a million to ten steamships, constructed after naval plans, carrying up her expenditures for this purpose to nearly $3,250,000, or over a million more than her receipts from ocean postage.

MR. DOCKERY.—Her experience with infant industries is a little different from our own, then?

MR. DINGLEY.—More than that. Whenever the opportunity offers to extend her steamship lines by subsidies, Great Britain takes advantage of it. Only two years ago, when her mail was being carried satisfactorily by the Pacific Steamship Line from San Francisco to China and Japan for less than $40,000, when all her postal wants were being fully satisfied with a small expenditure on an American line, England and the Canadian Government agreed to give a subsidy of $300,000 a year to establish a steamship line from Vancouver to China and Japan.

BENJAMIN F. SHIVELY [Ind.].—That was in pursuance of her military policy, was it not?

JAMES BUCHANAN [N. J.].—But they got the money all the same.

MR. DINGLEY.—Referring to this project of Great Britain to open up this new steamship route, William C. Whitney, Secretary of the Navy under President Cleveland's Administration, in advocating an imitation in this respect of England's policy, said:

> A notable illustration of the generosity and courage with which England pushes her shipping interests is seen in the manner in which she is at this moment dealing with the trade of the North Pacific. It has been thus far principally under the American flag and contributory to San Francisco and the United States. Under the new competition it is quite easy to conjecture what will become of the American flag and our resources in the North Pacific.

Would that more gentlemen on the other side could be brought with Ex-Secretary Whitney to clearly see the duty of the hour.

Why, any student of commercial history understands that when it was an open question as to who should control the great ocean routes of commerce by means of steamship lines Great Britain expended from her treasury everything that was necessary to intrench herself upon the seas. She has been wise in that policy.

JOSEPH WALKER [Mass.].—And economical.

MR. DINGLEY.—And economical, notwithstanding she has expended $250,000,000 since 1840. By this expenditure she has extended her trade, taken possession of the great ocean routes of transportation, obtained the largest merchant fleet that floats upon the waters, and secured hundreds of vessels that can be called to her aid in time of war as cruisers and as transports, and thus intrenched herself upon the ocean in such a way as she could not have done if she had spent ten times the amount in ordinary naval expenditures. It has, therefore, been a policy of economy, as well as of national forecast. She has secured her commercial independence. Not only that. She has made Great Britain the greatest naval power in the world.

To all of her subsidies and subventions she has attached the provision that vessels thus subsidized shall be subject to purchase or charter by the British Government. So that, in case of war, within ten days' time the British Government can detach from her merchant marine several hundred steamers, on which guns can be placed, to reënforce her navy or to transport supplies. That is what makes her so specially powerful upon the ocean, and gives her control of the great routes of commerce.

All steam vessels built hereafter in order to obtain the benefit of this act must be constructed after naval plans in certain respects and be enrolled as auxiliary cruisers or transports, subject to purchase or charter by the Government. Thus in this respect the bounty provided by this bill will accomplish the same object as the British policy of subvention and largely increase our naval strength.

Now, the gentleman from Illinois [George W. Fithian] asks, why include sailing vessels in this bill when sailing vessels are not to be converted into cruisers in time of war? For these reasons: Sailing vessels are as important to ocean transportation and commercial independence as steam vessels. No great merchant marine can be said to be complete without an adequate proportion of sailing vessels, although the proportion of steam tonnage to sail tonnage is larger than formerly. Why? Because sailing vessels alone can be used in long voyages like those from our Pacific coast ports to Atlantic and European ports, and because, even on shorter routes, sailing vessels can carry a cargo cheaper than it can be carried by any other conveyance, and are essential for all those forms of traffic where speed is not an important factor. As a matter of fact, a very large proportion, even to-day, of the imports into this country

are brought in by sailing vessels, because they are that kind of merchandise that will not bear the cost of steam transportation, and time, in their shipment, is no element of importance. To shut sailing vessels out of this act would be practically to deprive the Pacific coast States of much of the benefit which would flow from its passage.

But, secondly and more important still, the only vessel that can adequately train seamen for service in time of war on our naval vessels is a sailing vessel. Why, upon steamers the work is more like land work. No special training is required for much of such service. But upon sailing vessels men are trained to feats which demand courage, endurance, all those qualities which make a seaman valuable in the navy in time of war. Why, it was for half a century the policy of the true Democratic party, the party which had not departed from the teachings of Thomas Jefferson, and a wise policy, to give a bounty to fishing vessels engaged in fishing upon the ocean. And why? Because they were the nursery of seamen, who could be called upon whenever war was on our hands for service in our navy.

But, Mr. Chairman, a proper discrimination is made in this bill between the sailing vessel and the fast steamer. It is a mere pittance that the sailing vessel gets, just enough, in the judgment of the committee, to cover the difference in the wages and subsistence of the officers and seamen on the vessel as compared with the British vessel. The freight steamer of slower speed and even the sailing vessel are always specially useful as transports in time of war. Over three hundred British merchant vessels of less than 14 knots were used as transports by the British Government in the Egyptian and Abyssinian wars.

Mr. Dingley then prophesied that, by the provisions of the bill, which required an annual expenditure beginning with $2,000,000 the first year and rising gradually to $7,000,000 in the tenth, we would secure a merchant marine in the foreign trade of a tonnage of 1,000,000 tons, composed largely of first-class iron and steel steamships, enrolled as auxiliary cruisers, and add hundreds of fast steam cruisers to our naval strength in time of war, and maintain lines of American steamers connecting the ports of this country with foreign ports, for the transportation of our mails, and the promotion of our

commerce. Could, he asked, a similar expenditure in another direction add so much to our naval power?

Mr. Chairman, the gentleman from Alabama [Mr. Herbert] contends that the establishment of American steamship lines to the countries of South America, for example, will not increase our foreign commerce; that commerce first exists independent of means of communication and transportation, and that when trade demands these they follow under natural laws.

It is surprising to me that, in the face of everyday experience, anyone should insist that the establishment of prompt and regular means of communication with any district or country does not of itself promote trade between the two centers or countries thus connected. Why is it that every city in this country invests money in the construction of railroads to other districts? Everyone knows that this is done because experience has taught them that prompt and regular means of communication with any other district promotes trade. Why, Chicago has been made by her railroad and water systems.

And yet gentlemen who admit the soundness of this view in its application to domestic trade seem to forget that foreign trade is controlled by the same principles as domestic trade. So long as we are destitute of regular steamship lines connecting the ports of the United States with the countries of South and Central America our trade with these countries must be small. So long as orders for goods and the goods themselves must be forwarded by way of England and subject to transshipment and great delays the American merchant will find it difficult to extend trade with South American countries, and our trade with those countries will not be developed till the means of regular and rapid communication exist.

We have a conclusive demonstration of the correctness of this view in the effect on American trade of the establishment of an American steamship line between New York and Venezuela. Our trade with Venezuela has increased from three and one-half millions in 1860 to fifteen millions in 1890.

In the long run, therefore, trade follows the flag. If, as is expected, reciprocity treaties shall be concluded with the independent countries south of us, the establishment of steamship lines to connect with them will be essential to reap any advantage from them.

Indeed, so important do the South American countries regard these that Brazil has for several years paid a subsidy to maintain the little steamship communication that we now have

with her, while we have done almost nothing; and the Argentine Republic has been ready to aid, to the extent of $100,000 per annum, in establishing a direct steamship line to this country.

And I may add that all experience shows that the flag which floats at the peak of the steamers which furnish the means of transportation is the most effective advertisement that can be employed to promote trade with the nation which the flag represents.

The gentleman from Alabama [Mr. Wheeler] has intimated that it is not worth while to enact measures to increase our merchant marine in the foreign trade so long as a protective tariff remains, which (as he claims) discourages foreign trade.

This criticism assumes that because we favor a tariff that discourages imports of articles which we can and ought to produce or make for ourselves, and encourages imports of articles which we cannot produce by placing them on the free list, therefore we do not look upon foreign trade as desirable. The difference between us and such critics is that we believe in enlarging our foreign trade by increasing our imports of such articles as we cannot produce or make. They want to increase our foreign trade by enlarging our imports of such articles as we can and ought to produce for ourselves.

That the former method of increasing our foreign commerce gives us not only greater prosperity, but also a larger foreign trade than we should have under a contrary policy, is shown by the fact that our foreign commerce was 50 per cent. greater per inhabitant between 1870 and 1880 under the policy criticised than between 1850 and 1860 under the policy favored by the critic.

The objections to the pending bill which have been urged by the gentleman from Alabama [Mr. Wheeler], first, that vessels will run with only small cargoes to obtain the bounty, and, secondly, that the bounty will remove some of the protection which our coal and iron-ore miners and other producers now receive from the tariff, only serve to show the unsubstantial character of much of the opposition.

It is a conclusive answer to these objections, first, that the bounty paid will on the average only be 11 per cent. of the cost of running the vessel, and therefore that no vessel could sail with a small cargo without losing money, and, secondly, that the bounty covers only the difference in cost of sailing an American and a foreign vessel, and therefore only makes it practicable for an American vessel to accept a cargo at the rate

for which a foreign vessel will carry the same cargo without in any manner affecting the protection now afforded by freight charges.

Undoubtedly the fact that American vessels would be able to successfully compete with foreign vessels in the transportation of our imports and exports would in the long run tend to reduce freight charges and to prevent foreign vessels from advancing rates. I am informed that the presence of American ships at San Francisco, competing with foreign vessels for cargoes of wheat, has the effect of lowering the rates of freight. So that even from this point of view the farmers of the country are deeply interested in the passage of this measure. Indeed, the National Grange has already indorsed it.

The objection which has been urged with so much apparent force, that bounties are hothouse expedients which promote an unhealthy growth that ceases when the bounty is withdrawn, does not apply where the object to be secured is of the highest importance and beyond the reach of unaided private enterprise, either on account of its magnitude or the disadvantage to which one country is placed by preoccupation of the field by another country or other cause.

No one seriously questioned the wisdom of the policy of aiding in the construction of transcontinental lines of railway. No one doubts the expediency of river and harbor improvements through Federal expenditures. The statesmanship of Napoleon's policy of fostering beet-sugar production in France by imperial aid has never been doubted. The foresight which Great Britain has shown in so intrenching her steamship lines on all the great routes of ocean commerce that unaided private enterprise cannot get a foothold to seriously compete with her is confessed even by those who stoutly contend that the Congress of the United States should not extend similar aid to American shipping in foreign trade.

When we see an enterprise too large for individual enterprise, and when competition or other cause is so intrenched that it cannot be dislodged by private effort, if the end to be attained is national and important the Government is justified in stepping in to aid. How many municipalities in this country have aided even in the building of railroads?

H. Clay Evans [Tenn.].—And in the building of manufacturing establishments.

Mr. Dingley.—And in the building of manufacturing establishments, as my friend from Tennessee says, by exempting them from taxation for a period of years.

The main argument on which the opposition to this bill seems to rely is that a bounty to encourage our shipping in the foreign trade cannot be defended unless it is proposed to extend the bounty system to other interests and industries.

What I have already said anticipates the conclusive reply to this objection. A merchant marine, especially the class of vessels required for the foreign trade, and shipyards and trained seamen and skilled shipwrights are essential to commercial independence and national defence; and expenditures from the Treasury, when needed to secure these, are to be justified in part on the same ground as expenditures for the mail service, in part on the same ground as expenditures for lighthouses, beacons, to improve rivers and harbors, and to aid in the construction of transcontinental railways, and in part on the same ground as expenditures for forts and a navy.

Commercial independence is impossible to a nation which does not build and control the marine which serves as a vehicle for its commerce. Gentlemen tell us that, if British ships are ready to serve us in transporting our exports and imports, it matters not that we have not American ships. But what would be our situation, what would be the straits of our farmers and mechanics and people generally if England should be engaged in war with a nation which could place commerce-destroyers on the ocean or if we should be at war with England herself?

There is no interest in this country that has more at stake in the preservation of the American merchant marine built in American shipyards than the Western farmers, who look to the maintenance of a marine on which they can have their produce transported, even in time of war, when Great Britain's vessels are being swept from the ocean. Commercial independence demands that we should maintain our own shipping and our own shipyards.

Not only commercial independence, but the safety of the nation itself may depend upon the possession of a strong merchant marine to aid our navy, and private shipyards to which the country may resort for the construction of cruisers and transports. The lessons of history point out to us the vital importance of a merchant marine to aid in the defence of the integrity of the nation.

Where would this country have been in 1861 and 1862 had we not possessed private shipyards to which the Government could go for the construction of the *Monitor* and other vessels to aid in the campaigns against the Confederates and to maintain the blockade? Why, to-day, instead of having a united

country there would unquestionably have been two independent nations.

George E. Adams [Ill.].—With two great navies.

Mr. Dingley.—Now, I say that we cannot, from the point of national safety, abandon our merchant marine in the foreign trade, and that we are justified—not only that we are justified in aiding, but that the obligation is upon us as representatives of the American people, to maintain an interest which will be our defence in time of war.

In the light of our own history, I appeal to the representatives of the American people to come to the rescue of our merchant marine in the foreign trade, and thus insure commercial independence and national safety before it is too late. [Prolonged applause on the Republican side.]

Alexander M. Dockery [Mo.] spoke against the bill.

When this question was being considered in the Forty-fifth Congress the gentleman from Illinois [Joseph G. Cannon] made this declaration on the floor of the House:

> The subsidizing of these steamship lines, from the Collins line in 1852 up to the present time, has bankrupted every prominent man that has favored it. The political ghosts of departed politicians that have squandered the money of the people for this kind of unwarrantable expenditure from the Treasury rise up and warn Representatives to avoid the errors heretofore committed by our predecessors.

Daniel Kerr [Ia.].—Can any objection of that kind be made against a subsidy or bounty which is to be appropriated according to a fixed rule and in regard to which there will be no discretion?

Mr. Dockery.—Mr. Chairman, there will be no "discretion," so far as Congress is concerned, if this bill passes. The only "discretion" contemplated in the bill is the mandatory "discretion" of the accounting officers, compelling them to audit for payment the enormous sums that will be taken from the public treasury for the benefit of a few New England ship owners.

I care nothing about the details of these various subsidy schemes. They all work out the same result. It is wholly immaterial whether the amount be definitely specified or whether it be based on mileage; both mean one and the same thing: the taking of the people's money to aid private enterprise on the ocean; and against this the gentleman from Illinois [Mr. Cannon] protested in 1879, in language which I will now read:

> And these subsidy seekers came into this House, or rather into Washington in 1872, and absolutely took the money which we paid them out of the Treasury and with it corrupted the officials about this House, your doorkeepers and your postmaster, to procure another subsidy. The soldiers of fortune swarm about the corridors of Washington; the lobby is on hand.

And perhaps, Mr. Chairman, some gentleman can now state whether there is a "lobby on hand" at this time.

Will the gentleman from New York [Mr. Farquhar], who has charge of this measure, in the light of the remarks I have just read from the chairman of the Committee on Appropriations of the House, tell us now how much of this appropriation will go to the Pacific Steamship Company? I await a reply. [After a pause.] I see the chairman of the committee present and again request this information. How much under your tonnage bill will go to the Pacific Mail Steamship Company annually, a corporation which in 1879, according to the statement of the gentleman from Illinois [Mr. Cannon], corrupted the postmaster and the doorkeepers of this body, and expended $900,000 to procure a renewal of the subsidy which they had enjoyed for ten years and which was then about expiring?

Mr. Farquhar.—All I know is that this company gets simply what the bill allows them as their fair proportion for the work done; this and nothing more.

Mr. Blount.—Under the bill this amount is fixed at $607,424.93.

Mr. Dockery.—I am very glad to have the information from the gentleman from Georgia, since the chairman of the committee has failed to furnish it.

Mr. Farquhar.—Whatever the amount may be, one thing is certain, they will not get a dollar more than the bill allows. [Derisive laughter on the Democratic side.]

Mr. Dockery.—Does the gentleman from New York deny the statement that the Pacific Mail stock has increased in value since this bill was reported?

Mr. Farquhar.—If it is an indication that the bill is going to pass I am very glad of it.

Mr. Dockery.—Then the gentleman admits that it has so enhanced in value?

Mr. Farquhar.—Yes; and I want the stock of every American steamship line to rise.

Mr. Dockery.—I am very glad to have the confession of the gentleman from New York. I want the farmers of the West to know the effect of this legislation which is to take at least $5,000,000 annually from them in the way of additional taxa-

tion and expend it for the benefit of a few Eastern ship owners, and for no other purpose. [Applause on the Democratic side.]

Mr. Chairman, the present attitude of Great Britain upon this whole question of subsidizing, both in intent and in fact, has recently received official verification which does not admit of cavil upon the other side. Consul-General Harry S. New, a Republican of eminence in the councils of his party, says in an official report dated September 3, 1889, that—

> The British Government does not grant subsidies, in the general sense of that term, to any steamship company, but the post office authorities make contracts for the conveyance of mails to the different parts of the world with the steamship companies having steamers sailing to those ports.

Further, Mr. Chairman, I invite attention to the significant fact that England contracts for her ocean mail service in the open market to the lowest bidder, while we propose to pay a bonus for no equivalent service. Sir, the lesson of this whole question is so plain that he that runs may read. England's amazing prosperity is the result of unfettered commerce and free ships. The United States, by a policy of suicidal exclusion, has hampered and restricted her commerce, and thus crippled and virtually destroyed her merchant marine. It is an impossible feat, sir, to attempt to build up a mercantile navy of any great proportions and yet, at the same time, repel that ocean commerce upon which it must depend for its existence.

Mr. Chairman, a brief *résumé* of the experience of France, after an ample test of the subsidizing and bounty policy, will at once enlarge the scope of this question and convey its practical lesson. In 1881 the French Government offered a bounty of $12 a ton on all iron or steel ships built at home, as well as a subsidy of 30 cents per ton for every 1,000 miles sailed by French vessels. The Government further offered half the latter subsidy in the case of ships purchased abroad by her citizens and carrying the French flag. There was consequently a feverish stimulation at once given to her own shipbuilding, as well as competitive activity in British shipyards. In two years the tonnage of her steamers had increased from about 300,000 to nearly 700,000, while, in a single year, the tonnage of her steamships engaged in long voyages leaped from 3,600,000 to over 4,700,000 tons. The ultimate result was one of profound disappointment. The experiment proved a disastrous failure. France had the ships idle upon her hands, as there was not

sufficient commerce to employ them, and they could not create it.

Indeed, sir, so far from building up a proportionate commerce it produced a competition for what trade already existed and rendered the dividends paid by ships before the subsidizing era impossible. France had this experience for her immense outlay: that while subsidies will produce ships—a truth which was as obvious before her vast expenditure as afterward—they cannot create commerce. On the contrary, the truth is the exact reverse; commerce invariably creates a demand for ships. The experience of the Austro-Hungarian Empire in the same direction has been almost identical with that of France. On the other hand, the policy of liberated trade and free ships enabled England, from 1878 to 1887, to contribute one-third of the entire increased tonnage of all the chief maritime nations, while of the added steam tonnage of those nations she has produced two-thirds.

Free-trade England is the carrier of the world, not only floating her own commerce, but in 1888 carrying as well 43 per cent. of the commerce of all the "protected" nations of the earth. Of these protected countries the United States easily holds the first rank in maritime degradation, the English flag floating, as it does, over vessels that carry 51 per cent. of her commerce.

Having shown by the experience of the past the inability of subsidies to establish upon a permanent basis our merchant navy, or even to arrest its decline, and having demonstrated by the kindred experience of commercial nations that ships must depend upon commerce for their support, I come now in the natural and logical order of my argument to a review of some of those real causes which have for so many years fettered our commerce and arrested its growth. All phases of the subsidy fallacy rest upon the assumption that it is the lack of American ships, and not the lack of commerce, which impedes the restoration and development of our mercantile marine, its advocates forgetting that our commerce has in fact trebled, although our flag has almost entirely disappeared from the paths of ocean traffic.

It is not, therefore, the flag of any particular nation which determines its ability to compete in the traffic of the world, but it is the ability to produce as cheaply or more so than any other nation those articles which are forced to seek a foreign market. It goes, indeed, without saying that such must be the fact; and if this fundamental fact be conceded it follows that

anything which enhances the price of such products must necessarily, and in the precise ratio of such enhancement, operate to bar their entrance into foreign markets or to limit the profits upon their sale should they be enabled to effect an entrance into these markets at all.

Mr. Chairman, Senator Sherman, in a speech during a recent Ohio campaign, made no pretence that subsidy would advantage the farmer, but was frank enough to avow that the intent of subsidizing our ships plying to South American countries was "to furnish our manufacturers a market there." And so, sir, our farmers are to be further borne down with at least $5,000,000 taxes annually in the endeavor to give a foreign market to the manufacturing interest, which has already under tariff laws secured a monopoly of the American market, selling as it does of its annual product, estimated at about $7,000,000,000, the entire amount to our own people, save about 2 per cent.

Mr. Chairman, the just and timely criticism of Mr. Blaine upon the McKinley bill, that it did not "open the market for another bushel of wheat or another barrel of pork," has been recently indorsed by an amazing popular approval; but, sir, that distinguished gentleman finds himself confronted in his famous "reciprocity" scheme with the identical dilemma, that it also wholly fails to "open the market for another bushel of wheat or another barrel of pork." Reciprocity, Mr. Chairman, to be of genuine avail to the farmer must not be limited to the insignificant markets of the South American countries, but must embrace within its scope all countries where our farmers can buy and sell with mutual advantage the surplus they have to sell and such commodities as they are compelled to buy. [Loud applause on the Democratic side.]

Mr. Chairman, regardless of the causes which determine this question, the Protectionists have to offer but a single infallible prescription for all our economic ailments—the taxation of the people. Indeed, sir, this wonderful panacea is strongly suggestive of the alleged methods of the allopathic physicians of our earlier times. It mattered not what might be the appearance of the tongue, whether the complexion was florid or sallow, whether the fever was high or low, whether the circulation was anæmic or plethoric, the remedy was heroic and invariable—blood-letting and calomel. [Laughter.] So, sir, is it with our friends on the other side in their politico-economic practice, for a subsidy is but a protective tariff with a different name; the one securing its exactions under the insidious guise of an indirect tax, while the other, bolder though none the less

objectionable, exacts its tribute directly from the public treasury.

Mr. Chairman, the opposing theories of exclusion and freedom of trade have contested for supremacy upon the seas at many periods in the world's history, and with always the result in favor of unhampered commerce. Let us return, then, to that propitious policy under which our merchant navy, crowned with an abundant and increasing commerce, explored every sea and cast anchor in every harbor. Divested of artificial impositions and hurtful restraints, our commercial marine can then renew and reassert its strength and importance upon the great deep. Sir, the incoming and refluent waves that make music on our shores seem themselves to woo us to resume our "pride of place" upon the glorious sea. The arms of old ocean extend themselves far into our interior, as if to meet and welcome those mighty rivers and inland seas which should bear to her embrace the wealth of our mines, our forests, our manufactories, and our fertile fields.

Mr. Chairman, strike off these shackles of exclusion which have "cabined, cribbed, confined" our commerce; give full scope and play to the inventive and adventurous genius of our people, and we shall see arise, as Venus from the waves, a splendid mercantile marine, pouring its treasures into the lap of our common country and restoring its prestige and its prowess upon the seas. [Loud applause on the Democratic side.]

George W. Fithian [Ill.] spoke on January 8 in opposition to the bill.

Government paternalism is a species of socialism. While men of wealth and intelligence insist upon Government aid for their own private enterprises they should not complain of the ignorant and unlearned, who learn from their more intelligent brothers to ask the Government's aid for themselves. The doctrine of the socialist is that the Government must care for the individual. That demand is as reasonable and is upon the same footing as the demand for subsidies to shipowners who are engaged in purely private enterprises. Good government should enact only good laws, such as would extend the benefits to all alike. A law that gives to one individual or class of individuals benefits to the exclusion of others and taxes the whole people to maintain the benefits for the few is vicious and is contrary to the fundamental doctrine of a free govern-

ment, a government of the people, for the people, and by the people. Suppose this Congress subsidizes ships. Other industries will soon discover that it is easier to make profits by having Government aid. This policy throttles individual enterprise and removes all incentive to industry, and as a permanent system would be a curse to the thus favored industry, as well as a curse to the nation. The day laborer, the tradesman, the blacksmith, and all other classes of labor, will demand their share of Government aid under this system, and who then will be left to support the Government? This system carried to its logical conclusion would necessarily result in the ultimate destruction of any government that adopts it. Once fairly under way, there would be the greatest danger of reaching that period when all the people would look to the Government for support and none would be left to support the Government.

Nor is the claim that subsidized ships will furnish cheaper transportation founded in reason. It will be found that competition, unless combinations are formed to prevent the operation of natural laws, will regulate the price of transportation, as it does everything else when left free. Combinations may exist with or without subsidies, it is true, but it is certain that subsidies will not prove to be an agency to prevent combinations, and the truth is would more likely feed and stimulate them. The result would be, as reason will dictate, that after the subsidy was granted the subsidized shipowner would take his subsidy and charge current rates for transportation of freight.

On February 26 Roger Q. Mills [Tex.] opposed the bill.

Mr. Chairman, I am at a great loss to account for the change which has come over the spirit of the dream of our friends on the other side of the House. Within the space of a few short revolving moons our Republican friends stood in this hall and the other and before the American people, claiming that our home market ought to be protected against the introduction of the products of the labor of the people in all other parts of the world. The echoes of these patriotic speeches are almost resounding around the hall yet.

Gentlemen went back and brought up the old doctrines of their philosophers, of Mr. Henry C. Carey, who contended that the Almighty had not made this world right in leaving it with oceans which could be crossed with the products of the labor of one people to be exchanged for the products of another;

that these oceans ought to have been set on fire like that dark river that divides the finally impenitent from the blessed, which poets tell us is tossed with fires and with no sounds heard upon its bosom but groans that are groaned and sighs that are sighed, and where tears ever weep and ever fall, but not in mercy's sight. [Applause.]

Professor Robert Thompson, a late philosopher of that faith, contends that it would be better to hang every American sailor at the yardarm of his vessel than to permit him to be engaged in carrying the surplus products of the people of the United States to foreign countries to be exchanged for the products of the labor of other people that are calculated to satisfy the wants of our people.

And but recently the third illustrious disciple of that faith has been writing in one of the magazines inculcating the same doctrine. He says that foreign trade is a contemptible braggart that ought to be overthrown, yet that very same gentleman, a distinguished manufacturer of steel rails, has been appointed by this Administration as one of the members of the Pan-American Congress to negotiate for a reciprocity that will let his steel rails into South America. [Applause on the Democratic side.]

Why this great change? What does it mean? The earth rings in every direction with the acclamations of the same disciples of the same political party, the same zealous missionaries who want reciprocity and trade, reciprocity defined by lines of latitude. "We want reciprocity," they say, "for another bushel of wheat and another barrel of pork." If this is what they want, why do they not try to negotiate with England or with France or with Germany?

Why do they not try to negotiate a little with themselves? England has put down the bars and is ready to welcome the admission of every bushel of our wheat, every barrel of our pork. You feed from your Western farms the crowded populations that stand in her factories, and from the fields of the South we furnish the great staple that gives employment to her people to manufacture clothing for the population of the globe. She is willing to take more of our cotton, more of our wheat, more of our pork, more of our agricultural products if you will only take down the bars and extinguish the fire in the ocean, stop hanging your American sailors to the yardarms of your vessels.

You say you want foreign trade. But you have built up an intervening wall. Twelve months ago you said you did

not want to come in contact with foreign paupers. Now you want to trade with them, and in order to get that trade you are proposing to pay out money wrung by exorbitant, wicked taxation from the laboring people of this country—money to build ships to go over the seas that you have set on fire—seas from which you have prohibited navigation by declaring that any vessel which sails the ocean displaying your flag must come back in ballast.

Why, sir, the distinguished leaders of the Republican party in the Senate made a report two years ago that we could not compete in the markets of the world with our wheat, that it was a melancholy fact confronting the American people that we must look to the home market alone for the consumption of our wheat, that we must cease speaking about sending wheat to Europe and exchanging it for their calicoes, their woolens, their iron, their steel. What did those Republican Senators propose to do in order to relieve the situation? Why they gravely proposed to send to Europe and import her population to come here and eat up our wheat!

We will assume that these foreigners coming here will eat five bushels of wheat per head annually. Then it will require 36,000,000 of people to be imported the first year to consume the surplus 180,000,000 bushels of the wheat of the United States. That is what you are building your ships for—to send over to Europe to transport those people to the United States to consume our wheat.

They tell us, besides, that this must be a non-agricultural people to do this. They say that if these are agriculturists they will only make more wheat and add to the surplus. It must, therefore, be the people who are brought here, in pursuance of the protective policy, who will consume and not add to the surplus—people who will eat wheat and not make it.

About one-third of all our people, as the census shows, are engaged in gainful occupations. Then one-third of those who must come under this protective policy must come and engage in gainful occupations, and the other two-thirds, being the women and children, are to be supported by the labor of the one-third.

Twelve millions of people, being the one-third of 36,000,000, the total number of people required to consume the surplus, are to be laborers engaged in the factories and other gainful occupations throughout the country. Well, 4,000,000 of our people, it is estimated, make the manufactured product of America, amounting to seven thousand millions annually.

Three times four are twelve, and the 12,000,000 of persons employed in manufacturing products, being the addition to our population under this policy, would make twenty-one thousand millions of manufactured products in place of seven thousand millions, and where will we get the market for their sale?

Why, you can not consume your own products now, and you are hunting markets for your manufactures under the name of a "bushel of wheat and a barrel of pork." It would take more than 250,000,000 of people to be brought from Europe to come here to consume the surplus of one year's cotton crop! What a magnificent development of statesmanship! [Applause on the Democratic side.] Instead of sending our surplus abroad, sending the things we do not want in exchange for the things we do want, to benefit ourselves and our fellow-men, they propose to break up all the habitations of all the people of the globe and bring them here to consume our surplus and hunt up employment here! [Applause on the Democratic side.]

You say you want ships. Why not build them? You have the protective policy. You say it develops American industries. You say it cheapens and brings down the cost of production. But there is one thing at least that the history of the last few months shows you have succeeded in cheapening, and maybe you think that is "nasty" too; you have succeeded in cheapening American labor in all parts of the country. [Applause on the Democratic side.]

Yes, Mr. Chairman, since the passage of the McKinley bill, if you will take up the papers of the country, you will see a string like long skeleton fingers pointing to factories which have curtailed—stricken down—the wages of their employees, and there is a reason for all of these things which I have not the time now to discuss.

Why is it, if you gentlemen do not like cheapness, that you will insist on cheapening the wages of the men you employ? If you want to compel people to pay manufacturers higher prices because they are American, why do they not, when there is no law to compel them to do it, do the same thing for the people they employ? Why do they not, out of the goodness of their hearts, practice the doctrines that they preach to others? I think they are somewhat like Dow, Jr., who, in preaching to his congregation, said, "Don't do as I do, my hearers, but do as I tell you." [Applause on the Democratic side.] That is your doctrine.

Now you want to subsidize ships; you want to have ships

built, and you think the way to do it is to destroy your commerce and then make ships to build it up again. Why do you not stand on one side of this fence and fight loyally on one set of principles all the time? Why are you now talking about extending your foreign commerce? These subsidies you are giving are not for your coastwise shipping. They are to encroach upon the dominion of that little braggart whom Mr. Andrew Carnegie says we ought to help dethrone. You are for building up foreign commerce. If you will tear down your wall, it will build itself up.

Now, if you will take off your duties and bring them down to a revenue standard, placing them upon articles where they will be the least possible burden upon the taxpayers, and permit your importations to come in overwhelmingly, what will be the result? I would welcome a double amount of importations, because it would mean a double amount of exportation. That increases the value of all farm products. That distributes wealth among 30,000,000 people, each dollar of which is behind a want. Each one demands employment of labor to satisfy that want. Each one of them sends joy and life into the heart of American industry and brings prosperity and peace, contentment and happiness, where now misery and want prevail.

But you say, "We do not want these pauper products of foreigners. We want our own products. Our policy is to send our surplus product to foreign countries and sell it for gold and silver and bring the gold and silver home, and then expend that gold and silver for the purchase of things made in this country by the labor of our own people."

Now, let us follow that absurdity a little. In the recent discussions before the Committee on Coinage, Weights, and Measures it was shown that there are seven and a half billions of gold and silver in all the world. Of that amount we have one billion. There remains then among the other people of the world the accumulated stock of four thousand years or more, six and a half billions of gold and silver. Well, suppose we send abroad a billion dollars' worth of products a year (we are sending abroad now about six hundred and thirty millions of agricultural products); in six years we would have in the United States the whole accumulated stock of gold and silver in the world. Then what would take place? Your trade would stop still. You could not export anything more. In six years the judgment day comes. [Applause on the Democratic side.] Six years and you go back to barbarism. No man can exchange his surplus. You then have a thousand million bushels of

wheat, perhaps more than you can consume, but it ceases to be of any value. We have perhaps by that time seven or eight million bales of cotton more than we can consume. That vast amount is worthless. It can not be consumed in this country; it can not buy anything; it is as worthless as the water so far as commercial value is concerned, or as worthless as the wind. You can not buy it or sell it. All your products fall to the earth. And that period, when it comes, would be the final millennium of the great policy of American protection as foreshadowed and taught by the great American Republican party. [Applause on the Democratic side.]

This policy that you are teaching leads to making all the products of labor less valuable, leads to making everything that money measures and buys less valuable, leads to darker days, leads to more tears, more distress, leads to a more hopeless struggle by borrowing money to keep from sinking down into the depths of distress and woe, and at last the people must touch the last deep of distress and go through all the horrors of universal bankruptcy.

The Creator hath made us dependent upon each other for the satisfying of many of our wants. By living in harmony with that law which binds with threads the human heart, and by conforming to that law of the Creator we will obtain the greater satisfaction of our wants, the greatest distribution of comforts, and make the highest advance in civilization and the greatest growth in prosperity and happiness. [Applause on the Democratic side.]

Amos J. Cummings [N. Y.] supported the bill.

"Free trade and sailors' rights" is good old Democratic doctrine. [Applause.] Democracy is the true friend of labor. I am a Democrat upon principle and conviction. I see no power in Congress to tax one man for the benefit of another. If this bill were such a measure I would not vote for it. But it is not. It is not a protective measure. It is not a gratuitous subsidy from Government to shipowners, like the sugar subsidies and the privileges given to monopolist manufacturers. To those who say that it is I answer that it is rather like a patent—a contract between the Government and the citizen who takes advantage of it—a contract beneficial to both parties.

These ships are at the service of the Government if required. No manufacturing establishment holds that relation. The shipowners and shipbuilders are bound in return for the assistance

which they receive from Government to build their vessels as the Government requires and to turn their ships over to it upon requisition in its hour of need. Thus we see that this is the readiest, the most efficient, and, I believe, the cheapest means of increasing our naval strength.

Sir, this bill is not only a measure of safety, but it will stimulate trade. Labor furnishes the means, but trade brings wealth. It is not only a measure of safety, but of prosperity. Its passage will bring trade. And it does follow, as the day the night, that every hindrance to trade is a barrier to national wealth as it does follow that every stimulant helps it. [Applause.] At the same time this measure will develop our shipping and shipbuilding interests to an enormous extent and be a boon to our workingmen. As a workingman, and as a representative of a district containing tens of thousands of hardy mechanics, I dwell upon this feature.

Shipyards would be planted on the shores of the Gulf of Mexico, on the Lakes, and on the Pacific coast, as well as on the Atlantic. A new army of laborers would be required to mine and to smelt the ore. New railroads would be built to convey the iron and coal to the seashore. The farmers would share in the prosperity. The demand for agricultural products at home would increase and new foreign markets open.

An iron steamship represents a wide range of trades and talents and labor. Few, if any, products of modern industry equal it in this respect. There are few in which so great a proportion of the whole cost goes to the workingman. On an average it takes $19 in labor to work up $1 in raw material into its place in the finished structure of the ship. In other words, 95 per cent. of the ship represents labor, and 5 per cent. raw material.

Sir, the passage of a free-ship substitute would not be a measure of defence, it would be injurious to national prosperity. It would throw upon the American market the tramp iron steamships now rusting in the waters of the Clyde, and pour millions of American gold into English pockets. It would give British shipowners an opportunity to save their merchant marine in case of war with Russia or any other naval power, and involve us in complications in which we would be measurably helpless. But this is not all. They could transfer their ships to nominal American owners and come out of such a war unscathed under cover of the Stars and Stripes.

No, sir; we want no such measure. What we must have is one that will practically increase our naval power and at the

same time develop anew our commerce by the building of American ships, thus giving employment to thousands of American artisans and sailors. Then, and not till then, shall we have American sailors to man an American navy, and American designers, American builders, and American workmen employed in building American vessels in American shipyards from American steel and iron, launched from American ways, for the benefit of American commerce, to be used in reclaiming our foreign carrying trade and in national defence.

John H. Rogers [Ark.] declared that the Republicans were bound in honor to pass the bill, in order to fulfil their contract with the shipbuilders.

Everybody knows that you bought the Presidency by buying up the State of Indiana and the State of New York in the last presidential contest. You have paid back all the parties out of whom you "fried the fat" and got the means to do it, except the shipbuilders.

You have paid off the manufacturers with the McKinley bill; you have paid off the railroad corporations by impliedly confirming to them their land grants; you have now on hand a bill to pay back what you got from the shipbuilders and the shipowners of the country. That this is so no less distinguished a person than the Speaker of the House [Thomas B. Reed] himself announced some time ago when he said that—

> Step by step we are fulfilling the pledges to the people.

[Laughter on the Democratic side.]

You can either go into political bankruptcy or else pass this bill and keep your obligations and your contracts.

CHARLES A. BOUTELLE [Me.].—That is what we are going to do. [Applause on the Republican side.]

MR. ROGERS.—I have another witness of the truth of what I am saying. [Laughter on the Democratic side.] It comes from Maine. It comes from one who is the right bower of the Speaker, who tells us he is going to keep his contract and pay back this money to the shipbuilders from whom he got it to conduct the campaign. [Applause on the Democratic side.]

Mr. Chairman, the Speaker ought not to repudiate that testimony, for, if the gentleman [Mr. Boutelle] had served his God as faithfully as he has the Speaker, his future hope of

salvation would be much better than it is now. [Laughter on the Democratic side.] There is only one thing that is left unsettled—and that is in entire harmony with all the balance of the legislation of this Congress—and that is, you repudiated the Blair bill, the money for which was going to educate the black man at the South, but where you get no support.

Now, Mr. Chairman, one word to my Democratic friends. A man can hardly get a seat at the House restaurant table to-day for the plethoric abdominal development of the lobby who are here for the purpose of advancing this bill. [Laughter.] Some of them are so big as to take one-half of a whole table, and they are down with their barrels as big as they are, I have no doubt. [Renewed laughter.] They have gone so far, I am told, as to tell some Democrats if they can not vote for this bill to leave the hall. I advertise the fact that no Democrat on this floor shall leave this hall on the final vote without the country's understanding why he is away from this Chamber. [Loud applause on the Democratic side.]

He must have the courage and manhood to vote his convictions upon this bill, either for or against it. Let him go upon record, but do not let him skulk if he is against it. Let him come here, state his views against it, and by his vote prove his loyalty to the country and to the people who have turned over the control of this House for the next two years to his party. [Loud applause on the Democratic side.]

On February 27 William McAdoo [N. J.] spoke against the bill. Replying to the charge that its opponents were acting in the interest of England, he said:

Whenever, Mr. Chairman, there is a raid contemplated upon the pockets of the taxpayers of the United States, whenever there is a measure advocated in the interest of some favored class, our friends on the other side protrude upon the public gaze this tremendous but unreal image of "bogy" John Bull, while under the shadow of this nebulous monster created for the occasion from the graveyard of lost character and blasted reputation come the choice spirits who are now using their jimmies on the national safe. [Applause on the Democratic side] I tell gentlemen that this figure is played out in our politics. It is an insult to the American intelligence, more especially to that portion of our citizens whom they seek to affect by it. How, to be sure, you hate John Bull when you want a bounty or a monopoly, and how you love him as you revel in your British castles bought with American money, or chase social recognition in London!

I hear men in this House and out of it howling like shrieking dervishes about John Bull, this figure whom they have created, whose open mouth and cavernous stomach are to take in the great Republic unless we give them the key to the United States Treasury; and yet we have seen that these men, both within and without this Chamber, who never uttered a protest while the veritable John Bull was stealing the territory of Venezuela, spoliating the people of India, and robbing and tyrannizing over the people of Ireland; and these same men must have the benefit of the taxes of the people, the hard-earned, scanty money of the people, because they are so intensely American when an opportunity is in sight or a monopoly is to be given them. And within the last few years we have seen the gentlemen who have gained their money by grants, subsidies, class legislation, and vicious laws, procured by devious ways from the people in this land, make our whole people seem inconsistent and ridiculous to foreigners by begging recognition of the debauchees and titled vagabonds of the mock courts of modern Europe, and then come here and talk about free America, "our glorious institutions," "America against the world," and the American flag.[1] [Laughter and applause.]

We are legislating not for these tuft-hunting bounty patriots, but for the plain, every-day, all-the-year-round, loyal Americans. We know we can best outrun and crush British domination by making ours a land of free homes and happy, prosperous people. The severest blow at England and all other foreign rivals is to make America great, strong, free, pure, and prosperous. This can best be done by honest, light-felt, economical government, low taxes, no bounties nor favors, and a freer commerce. An intelligent people, once humbugged, now only laugh at ranting "spell-binders," the fake conjurers of international spooks, and the circus-poster proclamations of trade circulars against lower tariffs.

This old piece of political theatrical property ought to go to the lumber room with the bloody shirt. [Renewed laughter.]

You will not take one waif out of an American coast city, you will not take your poetic boy off the farm and make a sailor of him by this bill. You will not, under existing conditions, float the American flag over an additional ship built for subsidy. Fifty hours after you take away the bounty you are going to pay great sums for old prehistoric Noah's arks

[1] This referred to Andrew Carnegie.

that disgrace rather than glorify the flag, and in my opinion you are going to enter upon the suicide of republican government in America. It is un-American, it is unrepublican, it is unfair, it is unjust for gentlemen in the closing hours of this Congress to hand the key of the treasury, which contains the hard-earned, toil-stained money of the American people, to the men who are rearing a bastard "aristocracy" under the flag of which you prate so much. [Prolonged applause on the Democratic side.]

The bill was amended and then passed by a vote of 139 to 120. The Senate concurred in the House amendments, and President Harrison approved the act on March 3, 1891.

On December 4, 1900, the Senate took up the discussion of the bill of William P. Frye [Me.], "to promote the commerce and increase the foreign trade of the United States, and to provide auxiliary cruisers, transports, and seamen for Government use when necessary."

Ship Subsidies

Senate, December 4, 1900-January 25, 1901

Senator Frye.—In 1891 I reported from the Committee on Commerce two bills, one paying a bounty to all ships engaged in the foreign trade, the other postal subsidies. The bounty was nearly double that contained in the pending measure. It passed the Senate and was defeated in the House by a majority of 3. The subsidy bill cost me several months of hard work. The completed bill was submitted to capitalists who were willing to consider the propriety of establishing steamship lines to South America, in the Pacific, and across the Atlantic.

I received assurances that if the bill was enacted into law six or eight lines would be established of ships from 14 to 21 knots an hour. The House crippled the bill by a large and unscientific reduction of rates, returned it to the Senate too late in the session for any contest, and it became a law. Of course, it proved a dead failure. We did succeed under it in securing the American line from New York to Southampton by admitting the *New York* and *Paris* to an American registry on condition that the company should build two ships here of

like tonnage and speed. But those four ships have ever since been run at a loss to the corporation, not to us, for their value as auxiliaries to our navy during the Spanish war was beyond computation.

Three years ago, instructed by resolutions of State legislatures, of political conventions, of commercial organizations, by recommendations of public officials, it seemed to me that our people were taking a greater interest in the restoration of our merchant marine than ever before, and that it was an opportune time to once more call the attention of Congress to the subject. I found, however, a great diversity of opinion among friends of the ship as to the remedy to be proposed. Discriminating duties had many advocates; bounties, subsidies, free ships each some. I knew that success was dependent upon united action. As a method of securing that I selected a committee of twenty-five, all friends of Congressional action; some of them shipbuilders and shipowners, experts, required for intelligent conclusions; a majority having no interest other than as American citizens; those interested hardly any two in the same trade or in the same type of ships, selected from every part of the country; some favoring each proposed remedy except that of free ships, a majority at the start for discriminating duties.

This committee was composed as follows: Senators Hanna, Elkins, Perkins, Frye, gentlemen who had shown great interest, and some of whom had had experience in shipping matters; Hon. Sereno E. Payne, then chairman of the House Committee on Merchant Marine; and the leading shipbuilders, and men with shipping interests, in the country. The subject-matter was committed to this committee in 1897.

Knowing that the subject to be considered would involve many important legal questions, I advised the employment of counsel. Hon. George F. Edmunds was very wisely selected. The committee was indefatigable in its labors, meeting many times in New York, Philadelphia, and Washington. After full, complete, and most careful consideration, this committee finally, with entire unanimity, decided against discriminating duties, against discriminating tonnage taxes, against bounties to be paid on the exportation of the products of the American farm, and in favor of sailing bounties for our ships, and in my opinion these conclusions were eminently wise.

None of the committee were in favor of free ships, and I do not know why any of them should be. The highest duty of the United States of America to-day is to provide more

shipyards, more docks, more facilities for the construction of ships for the oceans. A great maritime nation like ours might just as well be without a constitution as without shipyards. And free ships would simply relegate all of our shipyards to doing Government work, or supplying the necessities of the coastwise trade and the Great Lakes. Besides, what benefit would a free ship be? What would you save by it? You would save the depreciation, the interest, and the insurance on the additional cost of the American ship over the English, and that is all. You would save, on the average, about $4.50 a gross ton. That you would save, I admit, but you would still be handicapped by the difference of operation, from 40 to 80 per cent. in wages, as between a foreign ship and your own. I assert, and I assert it without the slightest hesitation, that you can admit free ships to the United States to-day, and you will find no capital to invest in them. You will not be able to sail them on the oceans of the world in competition with the Norwegian ships or the English.

A bill was finally drafted embodying the views of this committee, was presented to the Senate in the last Congress by Senator Hanna, and to the House by Representative Payne, referred to the respective committees having jurisdiction, was carefully considered, evidence taken, discussion had, amendments adopted, and favorable reports were made, but for want of time the measure was not considered. The general committee agreed to the amendments proposed by the Congressional committees; the press gave the details of the bill to the country. The result was further criticisms, additional amendments. All were considered, and those seeming reasonable were adopted. At the last session of this Congress the amended bills were again referred, were again discussed in committee, additional amendments were adopted, and agreed to by a subcommittee of the general committee, which was continually in session here.

Finally the pending measure, with proposed amendments, was favorably reported to the Senate by the chairman of the Committee on Commerce. In regard to it I wish to say that there never was any other bill before Congress which received such close and critical consideration, on which was expended such careful, conscientious, and intelligent work. Nor was there ever one with this purpose in view which so generally commended itself to the friends of the American ship. Its critics and opponents are those who honestly believe in, and have always advocated, free ships, and the foreign lines who will not tamely submit to surrender the profits of their carrying

trade. The former contest it from principle, but are not dangerous, for the country rejects their theory; the latter are inspired only by self-interest, one of the most powerful of all motives, and they will make a most determined, vigorous, and never-ending fight.

I now call your attention to the provisions of the pending bill. The first section authorizes the secretary of the treasury to pay to American ships registered and engaged in the foreign carrying trade of our exports and imports one cent and a half a ton for each 100 miles sailed up to 1,500; beyond the 1,500, 1 cent per ton for each 100 miles. Those figures were reached with the greatest possible care, the only purpose being to equalize the conditions of the British ship and the American ship. The committee did not take the ships which can carry at the lowest possible cost.

The Norwegian ships can beat the world to-day in cheapness of carrying. The committee did not take them, nor the German ships nor the Spanish. For its standard of comparison it took the English ship, which in wages and manner of living on shipboard leads the other nations, and it only intended by its bill to equalize the difference between the two. That provision applies to all ships, sail or steam, registered and engaged in the foreign carrying trade. It is the purest kind of democracy. A postal subsidy law is aristocracy; it is monopoly. The subsidy is paid to one great line, for instance, running between this port and the other port, thus practically excluding every other line from running between those ports. But the provisions of this bill seek to encourage the building of ships by any man who has money enough to build them, and the establishing of lines by any corporation that desires to establish them, and to run them between any ports they please.

The difference between the 1,500 miles and the balance of the long voyages was made on the principle of the long and short haul. The ship that sailed but 1,500 miles would make a great many more entries in a year than the one that sailed 10,000 miles, and the former would have to handle cargo a great many times more frequently than the latter. The ship on the long voyage would have a decided advantage over the ship on the short. It would pay less in port charges, because it would be less frequently in port. It would pay less lighthouse dues and other port charges abroad for the same reason. Therefore the committee believed that for voyages under 1,500 miles, which would be confined very largely to those between here and the Caribbean Sea ports and the West Indies, the

rate fixed was wise, because we have for some time been losing trade there.

ORVILLE H. PLATT [Conn.].—The shorter voyage vessel gets the greater pay?

SENATOR FRYE.—Yes; for reasons which were very obvious.

Now, is the committee correct in its statement that it costs more to build and more to operate an American ship than it costs our commercial rivals to build and operate theirs? If the committee is mistaken in that respect, then the foundation of this bill falls through. If the committee is correct, then any Senator can see that we never will run American ships on the oceans against foreign ships until there is legislation which will equalize the difference.

Men say, "Suppose your American ship is in Liverpool; is she not to obtain sailors for Liverpool wages?" Not one bit of it, if she flies the American flag. Those sailors know just as much about wages as the men who run the ship, and they know the going wages under our flag just as well as the captain does. If you ask a man to go on an American ship, where he will have better living and better quarters, he will not do so in a foreign port unless he has the wages the other sailors on the American ship have. Sailor-like, he will take the poorer food, the poorer quarters, and the lower wages and sail under the British flag.

The best estimate which can possibly be made as to the difference in food between English sailors and Americans is that it costs 10 cents a day more for the latter than for the former, and as a matter of course it costs a great deal more than in several other countries of Europe.

On December 11 Alexander S. Clay [Ga.], of the minority of the committee, opposed the bill.

The majority of the committee tell us in their report that the most promising field for the future development of our markets for agricultural products is northern and temperate Asia, and that our grain fields and cotton plantations will gain in greater proportion from the enactment of this bill into law than the seaboard shipbuilding and shipowning States, whose benefits, they say, from its enactment are to the casual eye more clearly manifest. A more absurd proposition was never stated. How our grain fields and cotton plantations are to be benefited in greater proportion than the shipbuilding and shipowning States by legislation which takes from the public treasury

$9,000,000 annually for a period of twenty years and contributes this vast sum, collected by taxation from the people, to shipowners to aid them in carrying on their private business, I must confess I am unable to see. The proposition stated by the majority of the committee is simply this: If you will tax all the people and raise $180,000,000, and take this sum and give it to the shipowners and aid them in developing their private business, you will benefit the people who pay the taxes more than the private individual who receives the donation. I presume the majority of the committee are going on the theory that it is more blessed to give than to receive. While the friends of the measure proclaim loudly that its real purpose is to increase our merchant marine, so as to promote the commerce and increase the foreign trade of the United States, a careful analysis of the bill—I desire to reflect upon no Senator who assisted in framing the bill, because the presumption is that all acted honestly—will show conclusively that it was not framed with the view of building up our merchant marine; at least, if enacted into law we can not hope to see such results follow. The bill provides that the owner or owners of any vessel of the United States now in existence, and completed and in existence January 1, 1900, shall be entitled to make application and draw the subsidy out of the public treasury without being compelled to build other ships to correspond in tonnage with the ships drawing the subsidy. This provision of the bill is not drawn with the view of encouraging shipbuilding and enlarging our merchant marine.

If the friends of this bill framed it with the view and for the purpose of encouraging shipbuilding, why did they not provide that the owner or owners of any vessel engaged in the foreign trade of the United States, before receiving the benefit of the subsidy provided in the act, should be required to obligate themselves to build new ships to correspond with those receiving the benefit of the subsidy? In such an event every owner of a vessel applying for the subsidy would have been compelled to have built a similar vessel, which would have resulted largely in building up the merchant marine and would have given a great stimulus to shipbuilding in the United States, but clearly, to my mind, this legislation in its present form can produce no such results. If Senators will examine the testimony taken before the committee, the conclusion will be reached that the shipowners have a thorough organization to carry through this legislation.

They were not seeking opportunities to build ships, but,

on the contrary, to secure legislation that will enable them to go into the public treasury and draw nine million annually and divide it among themselves.

It is true that before the foreign-built steamship can receive any part of this subsidy a majority of the stock in such foreign-built steamship now sailing under a foreign flag must be owned by American capital. It is also true, under the provisions of this bill, that the admission of all these foreign-built steamships is conditioned upon the construction within the United States inside of ten years of vessels equal to the gross tonnage of those receiving the subsidy. In other words, American citizens who have invested their money in foreign-built ships and who are now sailing them under foreign flags are permitted to admit these ships to American register, and to sail them under our flag, and to participate in the subsidy fixed in this bill, provided the American owners of such foreign-built vessels will build other vessels to be used in our foreign trade equal to the gross tonnage of the vessels receiving the benefit of this subsidy. The difference between American citizens owning American vessels and those owning foreign-built vessels is that the former are not required to build other vessels of like capacity and the latter are required to build such vessels in order to receive the subsidy. The owners of American vessels registered for foreign trade will draw twice the subsidy for operating their ships that those draw who may bring their foreign-built ships under our flag and register them for foreign trade.

It necessarily follows that American capital invested in foreign-built ships will readily see the disadvantage under which it labors. American citizens who have invested their money in foreign-built ships, and who are sailing them under a foreign flag, will not avail themselves of the provisions of this bill, for the reason that they are not only required to build new ships, but after they have done so they can only draw half of the subsidy allowed ships of Americans flying our flag. They can not afford to come in competition with a class of ships drawing from the public treasury a sum twice as large as the amount given to American owners of foreign-built ships. As we proceed to analyze the bill, every step we take leads inevitably to the conclusion that, any view you take of the different features of the measure, no great stimulus will be given to shipbuilding in the United States, and consequently our merchant marine will not be enlarged to any great extent by this legislation.

Since I began the preparation of my argument two amendments have been adopted by the Committee on Commerce, which materially change the bill and render it much more objectionable than when the bill first came from the committee. The bill originally provided that no vessel shall be entitled to the full compensation unless she shall have cleared from a port of the United States with cargo to the amount of 50 per cent. of her gross tonnage. The bill, as amended, strikes out "gross tonnage" and inserts "capacity for carrying commercial cargo." This is a radical difference. There is quite a difference between the gross tonnage of a steamship and its commercial tonnage, or cargo capacity. Gross tonnage means the entire cargo capacity of a ship, not deducting any space for coal, fuel, crew, etc. Take, for instance, the *St. Louis*, a swift passenger steamer of 21 knots, and this ship has a gross tonnage of 11,629 tons and a cargo capacity of 3,500 tons.

This amendment provides that the swift passenger steamers can first deduct the space consumed by coal, fuel, crew, passengers, etc., and draw the full subsidy, provided such a ship shall convey a cargo equal to one-half of the space left, deducting the space consumed as above set forth. This is another evidence, to my mind, that the bill is not intended to increase our agricultural exports, but that its principal benefit is to go to the owners of the swift passenger steamers, engaged almost entirely in conveying passengers to foreign countries.

The other amendment confines the subsidy to such ships as were completed or in process of construction on February 1, 1899. How easily such an amendment could be utilized for the special benefit of a certain class!

Those who were not on the inside of this legislation and not realizing the time that would be fixed for making contracts for the construction of ships, not knowing that the time for such contracts would expire February 1, 1899, two years before the passage of the bill, would be shut out from making contracts for the construction of ships entitled to enjoy the benefit of this subsidy. Persons who may have completed ships since February 1, 1899, or who may have entered into contracts for the construction of ships since that time are not entitled to enjoy the benefit of this subsidy. This amendment, to say the least of it, is suggestive of favoritism, and would indicate that the persons who are to enjoy the benefit of the subsidy under this provision knew before the passage of this legislation that the subsidy would be confined to a certain class, to wit, those

who had completed their ships or who had entered into contract for the construction of ships on or before February 1, 1899. Why were not the friends of this measure willing to extend this feature of the subsidy to the owners of ships in existence at the time of the passage of the act or that might be under contract for construction at the time of the passage of the act or for a certain time to be named in the future? Why not give an equal and a fair chance to all shipowners and builders who might be entitled to the subsidy under this feature of the bill?

There is another objection to this bill, to my mind, that carries with it great weight. Under the provisions of the bill any citizen of the United States who applies to the Secretary of the Treasury for the purpose of building a new ship and receiving the benefit of this subsidy must do so within five years after the passage of this act, and American owners of foreign-built vessels receiving the benefit of this act must, within ten years after the registry of any foreign-built vessel, build a new vessel of an aggregate gross tonnage equal to the gross tonnage of the foreign-built vessel receiving the benefit of this subsidy.

Now, American citizens, under this bill, who may desire to build ships to participate in this subsidy must do so within five years. American citizens who do not own ships before the passage of this act, and who build them within the next five years, will enjoy the benefit of this subsidy for twenty years. But ships built after this five years shall have elapsed can not participate in the subsidy. What will be the result? Those who may build ships during the next five years, enjoying the benefit of this subsidy, will have the advantage over those who may build ships after five years, one receiving a large subsidy from the Government every year and the latter class receiving nothing. The result will follow—every American ship built during the next five years will be under a bounty contract for twenty years, longer than it would last, while new ships, built after five years, will not be subsidized and can not compete with the ships built during the next five years enjoying the benefit of this bounty.

The stimulant gives out at the end of five years, but the ships built during this period enjoy the stimulant for twenty years. Americans, realizing that the ships already built during this five years will continue to enjoy this bounty, will see that it is impossible to build new ships, after a lapse of five years, to compete with these subsidized ships built under the

provisions of this act. There certainly will then come in the history of our country a period when no American can afford to build a new ship to compete with those ships enjoying this large subsidy for twenty years to come. This is one of the serious difficulties which is always inherited from the bounty scheme and can not be avoided. History teaches us that such has always been the result. A bounty once begun, there is no good place for giving it up. The more bounty you give, the more the recipient wants.

In the language of the minority of the House Committee against the passage of this measure, "A bounty works on an industry like alcohol on the human system—the more you take, the more you want, and, after you have taken too much, it will kill you to stop and kill you if you do not stop." An American marine built up in this way will not remain long at a maximum point, but will decrease and go to decay so soon as the supply of the bounty ceases.

Mr. Clay declared that there was no natural reason why ships could not be built in the United States without aid of a subsidy.

Both iron and steel can be obtained in the United States as cheaply as in any country in the world and, regardless of restricted navigation laws, we will become at no distant day the shipbuilding nation of the world. It can be substantiated by unquestionable evidence that our shipyards on both the Atlantic and Pacific are now enjoying a degree of prosperity and a period of activity in business unparalleled in the history of our country. I am informed, Mr. President, that it will take these shipyards from three to five years to comply with and fulfill the contracts now on hand for the building and equipping of new ships.

Many years ago Mr. John Roach and Mr. Charles H. Cramp, two of our greatest shipbuilders, testified before a committee from the House of Representatives investigating the cause of the decline of our shipping interest, that if Congress would take off the duties from American iron, reducing it to the price of foreign iron, then we are prepared to compete with foreign shipbuilders.

The labor question is misstated. We are prepared to meet that difficulty and to ask no further legislation on the subject. Congress began the policy of free material for shipbuilding for the foreign trade in 1872 and has steadily pursued and

expanded that policy. We all know that by sections 7 and 8 of the tariff act of 1894, which were repeated in sections 12 and 13 of the tariff act of 1897, the free list was extended so as to include all materials for the construction of ships. We all know that articles of domestic production, when used as supplies for vessels of the United States, are exempted from internal revenue taxes. In view of these special favors enjoyed by the shipowners, is it just and right that they should continue to clamor for additional assistance at the expense of the public treasury?

The argument presented by the majority of the committee that the American shipowners pay better wages to labor can be easily answered. We know previous to 1855, when American ships competed successfully with British ships in our foreign-carrying trade, we then paid better wages to our sailors than the English paid. Still we successfully met the keen competition of our rivals. An examination into the scale of wages paid by us, in comparison with British wages, coupled with the food and comforts of the sailors of both nations, shows a decided advantage to our sailors. While this is true, the nutritious food and superior treatment received by our sailors enable them to do much more efficient work than the British sailors perform. It is estimated that our sailors do from 17 to 28 per cent. more work than British sailors.

Thus far I have endeavored to point out the inequalities and favoritism running through the entire measure, but my objections to such legislation go still further, because, in my opinion, the bill is vicious in principle, and bounties have always been repugnant to the spirit of our free institutions. The $9,000,000 donated to a certain class of shipowners is necessarily taken from the entire people by taxation. If the shipowner is entitled to a bounty to aid him in his private business, can not the farmer, with equal justice, demand a bounty from the public treasury on his corn, his wheat, cotton, or other products?

Can not we, with as much propriety, take from the public treasury 20 cents a bushel for all grain raised by the farmer and donate it as a bounty, and with equal consistency, as we can make this donation to the shipowners? It is manifestly unequal and unjust to tax farmers, shoemakers, carpenters, blacksmiths, masons, dairymen, miners, and railroad men to pay a bounty to shipowners for every mile they sail upon the sea, unless you go into the public treasury and give a bounty to all forms of industry, which is impossible. In the United

States, with our free institutions, the people have a right to expect that all legislation will tend to equalize the conditions of human life. This bill, if enacted into law, will tend to build up a moneyed aristocracy and to reproduce in the United States the method of government which has for centuries controlled Europe.

Is the financial success of one class of our people of greater concern than that of another? What special service has the shipowner conferred upon his country that he should have the right to tax the farmer, the merchant, or the laborer to build up his private business and to enhance his private fortune? The principles of this bill are unjust, undemocratic, and absolutely indefensible.

On December 13 Marcus A. Hanna [O.] supported the Frye ship subsidy bill.

The remarks of the Senator from Georgia [Mr. Clay] on this measure brought into question somewhat the motives which prompted those who have acted in the preparation of this measure. I regret that the cause seemed to demand the reinforcement of an insinuation which challenged the motives of the men who had to do in an advisory way with the construction of the bill. Being a member of what is called the Maritime Committee, I felt it my duty, my right, and privilege, to explain on behalf of that committee the motives and the methods under which they acted. For my part I resent even an insinuation that any other motives, aside from those of public policy and for the best interests of this country, were beneath any such action.

Mr. President, the duties of this committee were many times found to be embarrassing. The difficulties presented were hard to overcome. But as the members were all bent upon the same object, attempting to accomplish the same result, after a few meetings a spirit of compromise developed. The disposition to find some middle ground, some foundation upon which this great measure might be constructed, grew and grew until at last a bill was perfected by the committee, which, with its amendments reported from the Senate Committee on Commerce, is believed to be the most practical measure that can possibly be devised.

I spoke of my connection with the great maritime interests of the lakes. In my short business career I have seen that business grow and develop within a little more than thirty years

from a comparatively small business to a business of unparalleled magnitude.

That industry has been developed largely by the direct aid furnished in its infancy by the United States Government. The protection of that interest first of all was because our navigation laws prohibited any other but an American vessel trading between American ports. We have north of us Canada with just as much water front as we, with cheaper material and cheaper labor. Canada would have become a formidable rival in the earlier stages of our enterprise had it not been for the protection of the navigation laws of the United States.

But even with that protection, Mr. President, the present condition as to rates of transportation could not have been attained. It is to the liberal policy of this Government in the matter of our rivers and harbors that we owe more than all else the growth of our merchant marine upon the lakes and the cheap transportation as a result.

What is true of the marine interests of the lakes is true of all other interests of that nature, and, whether or not the protection afforded by the laws of which I have spoken was the only reason for the development of this commerce, it at least was the foundation which led to it.

Mr. President, the time has not faded out of the memory of members in this Chamber when, during our war with Spain, the people of the Atlantic coast were shivering with terror and appealing to the departments of this Government for coast protection against the invasion of the Spanish navy and those unknown but much-dreaded torpedo-boat destroyers.

But, Mr. President, when it was known that those four ships of the American Line which had been chartered by the Navy Department, manned by their own crews, every man of whom had taken the oath of allegiance to the cause for which they proposed to fight, I say when it became known that those four swift steamers were on the picket line on the ocean, steamers that could show their heels to any man-of-war in the Spanish navy, ready to transmit to our fleet of warships any plans or information on the part of the supposed invaders, there was a feeling of confidence, of complete confidence, of safety, that if you would descend to measure it by a money value would be worth more than the whole subsidy proposed in this bill.

I say, Mr. President, that when we attempt to combat prejudice which is used against an enterprise that induces our people to go so far in that direction of sentiment, if you

please to call it, as did those who built and who run those ships, we have got to appeal to the people of the country and go behind those missionaries of foreign shipowners who come to educate Congress.

I have noticed many newspaper comments and criticisms upon this measure, nearly all tending to the one point—that this whole measure is intended to be in the interest of certain lines or certain kinds of steamships. I deny it. I deny it because in all the discussion that has taken place during the construction of this measure by the so-called Maritime Committee every kind of a ship and every kind of trade was represented there. No one man or no one agency had any more power in shaping the policy embodied in the bill there framed than any other. I speak for myself, and I know I reflect the sentiment of the Maritime Committee when I state as the sole purpose and object that we started upon the hypothesis that something must be done to build up our merchant marine if we were to have one, and, as I said in the beginning, the spirit of conciliation and compromise prevailed at every meeting that was held and every discussion that was had.

I claim that the men who have and who take the responsibility of this measure before the country are entitled to just as much consideration for honesty of purpose and ability to accomplish the result as the people who criticise the measure as a subsidy. It was intended that the very class of vessels specially mentioned by the Senator from Georgia [Mr. Clay] as the most useful to this country should receive the first and the highest consideration at the hands of the committee. It is to the low-power ship, the economic ship, the ship that can bring to us the lowest prices of transportation, that the fullest consideration is given, and when it is said that all of the benefits of this provision will be given to lines already in operation, to the men already controlling certain lines and certain business facilities engaged in foreign trade, I say that it is not true.

Yet as you go to put into successful operation the provisions of the proposed law, where will you look for the accomplishment of its purposes, which is so earnestly desired, but to the men who have given their lifetime to the study and operation of each business which is peculiar unto itself? If we have a few ships engaged in foreign trade to-day, all the better. If we can induce the men who are conducting that business to build more ships, all the better; it accomplishes the result for which we are striving. If the upbuilding of the merchant marine of the United States depends upon the successful issue of the

measure, it must be through the hands and under the administra- of the men who know and thoroughly understand the business.

The question of the admission of foreign tonnage to American registry is troubling many, and it troubled me. I have always been opposed, as a matter of principle, to giving advantage to ships constructed abroad. I was inclined to take a narrow view of that proposition when I was first called into the councils of this committee, but there are none of us who know so much upon any subject that we can not learn something, and I learned from those discussions that it was necessary to protect the property and the capital of American citizens who had invested their money in foreign-built ships, who in the conduct of their business found it absolutely necessary that they should have ships, and finding it impossible because of the higher cost to build those ships in the United States, in order to further their business interests, were obliged to invest their capital in foreign-built ships and operate them under a foreign flag.

In that way, owing to the rapid and continuous development of our export trade, in the growth of their business in connection with our affairs at home, and through energy and effort on their part, several important lines have been established and maintained fairly well against all competition. I speak now of foreign ships owned by American citizens and operated under a foreign flag. When it came to the consideration of this question in perfecting the measure which was to come before Congress and the people of the United States, it was very important that consideration should be given to everybody alike, and there was no attempt to do otherwise and no thought or desire to do otherwise.

We felt that it was our duty as much to those who had acquired interests in ships under a foreign flag, without any prospect of anything better, and in the protection and development of their own business interests had invested their capital in that direction, that the only men who are experienced and able to put into effective operation the provisions of this law must receive just as much consideration as those representing any other interest, and they did, but under different conditions. That was a concession made, and entirely made, to that spirit which dominates the American people, that we shall first take care of ourselves when considering the question of competition.

The condition was made that for every ship owned by American capital and operated under a foreign flag, when

their owners availed themselves of the provisions of this bill, the contract would not be complete until they had constructed in the shipyards of the United States a tonnage equal to that coming under American registry. In that connection came the interest of the American shipbuilder.

Mr. President, one of the first objections that I met in the informal discussion of this bill among business men of my acquaintance in the East was that the measure was framed purely upon the plan of building our own tonnage, even although Congress might decide to give it exclusively to that class of vessels, owing to the fact that under the conditions which had existed in this country ever since the civil war the shipbuilding industry of this country had been confined entirely to the construction of coastwise and naval vessels. The shipbuilding industry of the United States has not been profitable since then, and capital has not sought that industry for investment.

What they wanted was immediate relief, the opportunity at this time, now, to take advantage of the conditions which seemed so favorable to make one more effort in this direction, and therefore the claim was that if you depend upon the limited capacity of the shipyards of the United States, already almost filled to overflowing in the construction of our magnificent navy, of which we are all so proud, before a merchant marine can be built which will be of any service or relief to the business of the country, our competitors, with the full knowledge of our purpose and intent, will, as they have always done, be ready to meet us and circumvent us if possible.

I said a moment ago that every time the question of subsidizing American ships was even mentioned in the newspapers of the United States there came a renewed effort and a continuing effort for the upbuilding of English and German ships, even to the extent that a credit almost unheard of was offered by the shipbuilders in Europe, saying: "We will build your ships; we will let you pay for them when you can; we will extend to you a rate of interest one-half what you would be obliged to pay in your own country; we will do anything; we will do everything, rather than have you invest your capital in ships built in the United States."

I say that the necessity for immediate relief in the direction which I have indicated was the one overpowering argument, because it appealed to my business sense as right, that if the Government of the United States was willing to take the responsibility of expending the money of the people in this

direction, every man who is called upon to cast his vote upon this legislation would want to feel that the result would justify that vote.

No one can be blamed for considering that feature of this case. Therefore I say it was an argument that appealed to the business sense of that committee, and I believe to a large proportion of the committee of the Senate, that, having by our action adopted that policy, we felt it was necessary that the results should justify the act, and that those results should come quickly. In other words, the benefit to those who would avail themselves of the privileges in their export trade—I mean the shippers—if they found that as a result of this measure they would soon have the opportunity to ship their export goods in American bottoms and under the American flag, they would know further, and they would know it surely, too, that that would mean a competition which would result in lowering freights across the Atlantic and the Pacific.

There is one feature of this question which I desire briefly to touch upon, and that is from the standpoint of the shipbuilder. The upbuilding of the merchant marine of this country means more than many can appreciate without a careful study of the situation. The privilege which we give to those American citizens who bring under our registry a foreign-built vessel, requiring that they must build a compensating tonnage in this country, will make a demand, without any doubt, in the next five years, for more capacity than we have shipyards in this country to supply.

By this bill 600,000 tons—300,000 tons in existence and 300,000 more to be built—would be added to our merchant marine, because under the provisions of this bill it is intended—and rightly so—that the benefits shall not be confined to those who first avail themselves of this $9,000,000. Anybody and everybody can go on and build ships and then go to the Secretary of the Treasury and ask a contract under the same provisions, and, when he has complied with the features of the law, given bond, and signed the contract, his ship can be registered for the foreign trade and begin earning the same proportionate amount of subsidy as that given to the ships which were built and in operation before the $9,000,000 was absorbed.

It was intended and it is expected that that provision of the bill, as we grow in experience and ability, as we enlarge this sphere of industry, if it is found profitable, will attract idle capital not otherwise invested, and if it pays more than the normal rate of 2 or 3 per cent. interest—which has come

to be the rate on the best securities in which money can be invested—then it will have served the purpose that is intended, to not confine the size of this merchant marine in tonnage or number within the limit of the $9,000,000—not that the $9,000,000 is to be increased, but that any man who builds a vessel after that amount has been absorbed can come under the provisions of the bill, and that the necessary percentage shall be taken from the others and given to him.

One word about our shipbuilding industry. I say, should this bill become a law, it will immediately affect that industry very perceptibly and very beneficially. What does that mean? Every ship that is built in a yard of the United States will be built wholly from materials furnished in the United States, beginning with the iron ore in the ground. Every additional ton that is demanded for this new industry will be an addition to the demand for labor in this country.

It will take that many more men to mine that ore—and I speak now more particularly of ores from Lake Superior, which is the source of our main supply—to handle it on the railroads to the lake shipping points and then on vessels to the distributing points on the lower lake, then to furnish additional ships needed upon the lakes, additional men to man them, additional men to handle that ore upon the docks in its reshipment, additional men to aid the transportation to the point of manufacture, then through all the ramifications of that manufacture to bring that iron ore into a condition to go into the ship and during the construction of that ship until she is slipped upon the waters and is a part of the merchant marine of the United States, thousands of men will find employment in an industry heretofore comparatively unknown to this country.

Our productive capacity is one-third greater than our consumption. So, either one of two things must happen: we must either find a foreign market for that surplus or we must curtail the production one-third. What does that mean? In the conditions existing to-day it would mean to throw out of employment thousands and thousands of our workingmen. Why, then, is it not better sense and better policy to study all the conditions from the American standpoint of bettering them for ourselves and bettering the conditions of the people who look to us?

It is just as much the duty of Congress to consider a question of that kind as it is for the manufacturer. When he finds his market will not consume his product he must consider what he had best do to first protect his own interest, which

he does, and that of those who are dependent upon him, or, if he be public-spirited and enough of the philanthropist, he would consider those interests mutually, and would study the subject in order to avail himself of every opportunity to discover some method, even at less profit to himself, to find a market for that surplus product.

There is no country on the face of this earth that is so richly endowed with mineral wealth as ours. There is no section of this country that has more undeveloped mineral wealth than the border States of the South.

The chairman of the Senate Committee on Commerce in his remarks the other day made a statement which has impressed me more than ever before, because I know it is true. He said we are on the eve of a war, not of arms, but on the eve of a contest for commercial supremacy in the markets of the world; the result of recent changing conditions, which have opened the door, and will keep open the door of those great markets of the Orient, where every nation that has any industries to protect, that has any industries to develop, is availing itself of the fullest opportunity at its command.

This country is endowed with the greatest natural mineral resources of any in the world. Already the markets are opening to her coal product. The Senator from Georgia stated—and truthfully so—that the development of the manufacture of pig iron has grown enormously. That is true of those infant industries in the South, where thousands of spindles are singing, where thousands and hundreds of thousands of tons of coal are being taken from beneath the soil, where the materials for the manufacture of pig iron lie within the circumference of a few miles. The industry in northern Alabama and Tennessee has grown so rapidly that almost 50 per cent. of its product is being exported to Europe.

Mr. President, the limit of that export to-day is reached by the inability to secure transportation upon the high seas. In order successfully to operate and carry out great industries of that kind, looking to a foreign market, it is not only important, but absolutely necessary that the manufacturer shall know what it will cost to deliver the goods. He must know what it will cost every month of the twelve months of the year if he attempts to predicate his operations upon the demand and the business that he can build up in the foreign trade.

Mr. President, the United States has changed its condition from a debtor to a creditor nation. We are not only loaning money to foreign countries, purchasing their bonds, but we are

loaning to them millions of dollars which come to us as the balance of trade and which are left in their hands because there is greater remuneration abroad than at home. Is it not better for the American people that they shall invest that capital here in any of the variety of industries which will not only call capital into activity, but will furnish bread for thousands and thousands of men, women, and children, who are a part of us, depending upon us, and who in all conditions must be considered?

This question is broader than the lines of the bill can write it. It will be widespread in its benefits. It is not aimed at any class or any particular industry. It is one of those measures the influence of which will permeate every industry and every class in the length and breadth of the United States. When I am told that the people of the interior of this country are not interested in the shipping question—that the farmers take no interest in it—I say it is not true in fact. I know that every man, no matter what his vocation in life, is interested and will be benefited, directly or indirectly, because you can not create an industry like this, bringing about, as it must naturally, first the development of our raw materials and then a condition which ends with the construction of the ships, opening up the markets of the world, giving greater opportunities to our merchants and manufacturers, without benefiting every industry and every line of business.

There is a strange contradiction of interests that has crept into this matter since I have paid attention to it recently. I find that people in Boston and people in New York, engaged in the same business—what I would call a commission business—exporting, and otherwise, and who have built up a great business at each of those points, at this late day are bringing to our attention, in the way of an argument against this measure, the fact that it is detrimental to those interests.

It is claimed that if a regular line is formed between New York and Brazil or the Argentine, which would supply the needs of that trade regularly, in a short time it would become a monopoly, controlling the trade, and would put freight at an abnormally high price. It is claimed that that would be the result of admitting foreign ships. There is no objection on the part of those people to a subsidy being paid to American vessels. On the other hand, the Boston party contends that unless the door is opened wide enough in this measure to give him or anybody else the privilege at any time in the near future of bringing in as many foreign ships as he can or wants

to bring in, after he has made a careful calculation as to the profits of the investment, it will injure his business. Thus it is claimed that in the same line and kind of business you do one thing and it will ruin one party, and you do the other thing and it will ruin the other party. I can not understand it. But I do say that the bill as framed is approved, so far as I know, by all the interests that have been consulted and advised with during the three years we have been considering the subject. If it fails to meet every demand and every condition which may arise, it is because we have not had an opportunity to see everybody and to consult everybody. I believe that it fully and completely answers the demand, and therefore I am in favor of its passage.

Mr. President, in making my appeal to the American people for this great industry, I want to put it upon higher grounds than that of dollars and cents. I want to put it upon the broad ground of a connecting link between the producer and the consumer, as an adjunct to our further growth and prosperity, which it is written must continue in the nature of things because of the conditions which control us and our future—conditions which rise above the speculative question whether one man will get a little more benefit than another man, conditions which appeal even to our benevolence in the responsibilities which we owe to the working people of this country.

I claim for every line in the bill that it is in the interest of the whole people of the United States, and particularly of those who must look to higher and more experienced authority to conduct the public affairs of our Government in their interest. Upon that basis I make my appeal, and I leave it in your hands. [Applause in the galleries.]

On January 23 George G. Vest [Mo.] opposed the bill.

Mr. President—and I do not want to assume the rôle of Cassandra and be taunted as a pessimist—I am warranted in the statement that the immense corporations, which are the principal beneficiaries, with unlimited capital and unparalleled business enterprise, will almost immediately constitute themselves into a syndicate or trust, as it is generally termed, and put enough of their own vessels under the flag of the United States to avail themselves of the provisions of this law and shut out all competitors.

The Senator from Ohio [Mr. Hanna] drew an eloquent picture of the vast increase of shipping upon the Great Lakes, and he ascribed it to the navigation laws and to the improvement of rivers and harbors. I saw the other day a statement in a Chicago newspaper, and it was repeated in a New York newspaper, that a syndicate has just been perfected under the laws of New Jersey which made a gigantic trust of every shipyard on the lakes, shutting out all competitors. Within three days afterwards a New York newspaper published the announcement that another trust or syndicate was being formed to embrace all the shipyards upon the Atlantic and the Pacific seaboards.

Everything in the country, from the cradle to the grave, is under a trust. The brood of trusts hovers over the land like birds of prey, and there seems to be no hope, no redress, from their inevitable grasp.

The House of Representatives during the last session passed a bill making more drastic the provisions of the trust law, known as the Sherman anti-trust law. That bill passed the House with one dissenting vote. It came to the Senate, our Republican friends by a party vote referred it to the Committee on the Judiciary, and they then assured us positively and emphatically that the first business at this session would be the passage of that bill. But it sleeps the sleep of death in the pigeonhole of the room of the Judiciary Committee, and never will be heard of again. This Congress will end and another season of riotous plunder will be given to these syndicates. The Republican party could not afford to attack them on the eve of the last canvass, for they wanted funds for campaign purposes and they dared not put up the black flag in the face of their pecuniary auxiliaries. Now, out of gratitude, I suppose, they will pretermit any legislation against them hereafter. So we are warranted in saying, without being charged with being critical or unjust, that the money of the capitalists engaged in railroad and steamship lines, dominating the business of the country on land and sea, will be applied for the purpose of securing the subsidies granted by this proposed legislation.

Mr. President, we have lost our merchant marine because we would not allow our people to buy ships where they could buy them cheapest. If the ships had been ours, the trade would have been ours and the sailors would have been ours.

But I do not care to pursue this discussion further. This bill will pass the Senate. It is a part of the great protective

system which is sacred to the Republican party. Drunk with victory and under the belief, as they seem to be, that conditions will remain as they are, the Republican party seems determined to stop at nothing. The glamour of foreign conquest and the abundance of money produced by the recent enormous discoveries of gold have rendered them reckless as to consequences.

On January 25 Chauncey M. Depew [N. Y.] supported the bill. He closed as follows:

Those of us who have passed middle life remember as boys the pride with which we used to recite upon the school platform the great speech of Daniel Webster about the American flag seen in every port and the American ship upon every ocean. That inspiring effort of our greatest of congressional orators no longer appears in the American school book. The American schoolboy knows, if he finds it in an old volume in the library, that it relates to a glorious period of his country's history. He does not understand why he should be deprived of the privilege, in which his father took such patriotic interest, of exulting in the proud preëminence of the American ship and the Stars and Stripes upon all the waters of the earth. To-day the American makes the circuit of the globe. He sails into the harbors of Europe, of Asia, of Africa, and of South America, amidst the abundant shipping which fills those ports. He passes upon the different seas the argosies of commerce, carrying the products of his own and other countries. The flags of all nations fly from the mastheads of these steamers, except one. He sees nowhere the Stars and Stripes. He finds the merchants and the people of foreign lands familiar with every emblem but our own. If he wishes to address a letter home it goes from South America through Liverpool, from China through London, from the East through the mails and under the flag of every country but his own.

Under this bill, as new lines are established between our ports and lands across the Atlantic or the Pacific they must carry free American mail. With the enactment of this measure five years will witness a wonderful change in the relations of the United States to ocean transportation. Long before the limited period of the subsidy has passed we shall have returned again to the jubilant and patriotic feeling of Daniel Webster. We can again proudly boast that our ships are upon every sea, our flag in every port, and the name and fame of our country

respected by all nations, and that the products and the goods of the United States are in successful competition in every market of the world with our rivals in production, trade, and manufactures. [Applause in the Senate and galleries.]

No action was taken upon the bill during the session.

CHAPTER V

Chinese Exclusion

Reports on the Committee to Investigate Chinese Immigration: Majority Report; Minority Report, by Edwin L. Meade [N. Y.]; Thomas Wren [Nev.] Introduces in the House Bill to Restrict Chinese Immigration; It Is Reported from Committee by Albert S. Willis [Ky.]—Debate: In Favor, Mr. Willis; Opposed, Martin I. Townsend [N. Y.]; Bill Is Passed—Debate in the Senate: In Favor, Aaron A. Sargent [Cal.], James G. Blaine [Me.]; Opposed, Stanley Matthews [O.], Hannibal Hamlin [Me.]; Bill Is Passed; Vetoed, with Reasons, by President Hayes—John F. Miller [Cal.] Introduces in the Senate a Chinese Exclusion Bill; Bill Passed by Congress and Vetoed by President Arthur; Amended, and Approved by the President May 6, 1882—Barclay Henley [Cal.], in 1884, Introduces in House Bill to Amend This Act; William W. Rice [Mass.] Presents Minority Report; Bill Is Passed by Congress and Approved by President Arthur—Joseph N. Dolph [Ore.] Introduces in the Senate a Bill to Exclude Chinese Laborers; It Is Passed—Debate in the House on the Record of ex-Sen. Benjamin Harrison on the Chinese Question: William D. Bynum [Ind.], Joseph McKenna [Cal.], Nelson Dingley [Me.], Benton McMillin [Tenn.], Joseph G. Cannon [Ill.]; Bill Is Enacted.

WHILE the subject of restriction of immigration, from a constitutional point of view, belongs to the general topic of Civil Rights, nevertheless, as the chief aim of its advocates has been to limit competition in the labor market, it is generally looked upon as an industrial question, and therefore is treated in this volume.

As we have noticed in various debates on Civil Rights, particularly those relating to the Fourteenth and Fifteenth Amendments to the Constitution, during the decade following the Civil War great opposition to the further admission of Chinese developed in the Pacific States, whither they had been brought in great numbers under the provisions of the Burlingame treaty with China, in

order to work upon the railroads, etc., the price of white labor being very high owing to the opportunities afforded American citizens to take up homesteads, mining claims, etc., and so dig out of the land rich wages for themselves as well as be independent of employers. But when the more productive mining claims and homesteads were taken up, and the amount of these was further limited by Government grants to railroads, the product of land at the margin of cultivation, which, according to the law of David Ricardo, establishes the rate of wages, decreased more and more, until the hitherto independent American citizen was forced into the labor market. Here he met with the competition of the Chinese coolie, who, with a far lower standard of living, and with virtually the same ability as an unskilled laborer, underbid him as an employee. Obviously, thought he, the coolie is the cause of the low wages I am forced to take or starve, and therefore he began to demand, through his Congressman, the exclusion of his competitor from this country. The coolie, having no vote, had few political friends, and these were idealists who lived far to the east and, even there, commanded little influence in matters where their views ran counter to the interests of their constituents.

Upon the insistence of Representatives from the Pacific States, Congress, in July, 1876, appointed a joint committee to visit these States and investigate "the character, extent, and effect of Chinese immigration."

The committee made its report (a majority one) on February 28, 1877. This was as follows:

Report on Chinese Immigration

Joint Congressional Committee

The resources of the Pacific coast have been and are being more rapidly developed with the cheap and docile labor of the Chinese than they would have been without it. Profit is found by certain American citizens in their transportation to this country. Religious teachers opposed restriction of Chinese immigration, saying that the

presence of these people among us imposes a duty and gives an opportunity for Christianizing them.

On the other hand, the committee found that laboring men and artisans, perhaps without exception, were opposed to the influx of Chinese, on the ground that hard experience had shown that they are thereby thrown out of employment and the means of decent livelihood are more difficult of acquisition. But the opposition to Chinese immigration was not confined to laboring men and mechanics. Lawyers, doctors, merchants, divines, judges, and others, in large numbers, say that the apparent prosperity derived from the presence of Chinese is deceptive and unwholesome, ruinous to our laboring classes, promotive of caste, and dangerous to free institutions.

There are 35,000 Chinese in San Francisco.

They live in filthy dwellings, upon poor food, crowded together in narrow quarters, disregarding health and fire ordinances, and their vices are corrupting to the morals of the city, especially of the young.

The testimony taken by the committee includes that of twenty operatives in as many trades.

It shows that the Chinese have reduced wages to what would be starvation prices for white men and women, and engrossed so much of the labor in the various callings that there is a lack of employment for whites; and young men are growing up in idleness, while young women, willing to work, are compelled to resort to doubtful means of support. The hardships resulting from these causes bear with especial weight upon women.

As a result of this competition there has sprung up among the white workingmen a bitterly hostile feeling to the Chinese, which has exhibited itself in abuse of individual Chinamen and sporadic cases of mob violence.

The better class of society holds the unlawful results of this feeling in check, but are only able to do so because of the general expectation that Congress will remedy the situation.

As the safety of republican institutions requires that the exercise of the franchise shall be only by those who have a love and appreciation for our institutions, and this rule excludes the great mass of the Chinese from the ballot as a necessary means to public safety, yet the application of the rule deprives them of the only adequate protection which can exist in a re-

THE YELLOW PERIL

From "The History of the Nineteenth Century in Caricature"

public for the security of any distinctive large class of persons. An indigestible mass in the community, distinct in language, pagan in religion, inferior in mental and moral qualities, and all peculiarities, is an undesirable element in a republic, but becomes especially so if political power is placed in its hands. There are, therefore, springing from this subject antagonistic considerations, the only way to reconcile which would seem to be that the laws should discourage the large influx of any class of population to whom the ballot cannot be safely confided.

The Pacific coast must become either American or Mongolian. The two races are already in active opposition. They can never amalgamate.

The American race is progressive and in favor of a responsible representative government. The Mongolian race seems to have no desire for progress and to have no conception of representative and free institutions. While conditions should be

favorable to the growth and occupancy of our Pacific possessions by our own people, the Chinese have advantages which will put them far in advance in this race for possession. They can subsist where the American would starve. They can work for wages which will not furnish the barest necessities of life to an American. They make their way in California as they have in the islands of the sea, not by superior force or virtue, or even industry, although they are, as a rule, industrious, but by revolting characteristics and by dispensing with what have become necessities in modern civilization. To compete with them and expel them the American must come down to their level or below them; must work so cheaply that the Chinese cannot compete with him, for in the contest for subsistence he that can subsist upon the least will last the longest.

Accordingly immigration is checked from the Eastern States. The welfare of the whole country demands that the Pacific States should be peopled by Americans, like those of Iowa or Illinois, rather than Asiatics like those of Pekin and Canton.

The Chinese have little regard for an oath, and hence convictions of them for offences committed against themselves or the public are difficult.

They are unassimilative with Americans.

After a quarter of a century they still retain their peculiar costume and follow their original national habits in food and mode of life; they have no social intercourse with the white population; they work for wages which will not support white men, and especially white families; and by the small amount and poor quality of food which they consume, and their crowding together in close quarters, reducing individual expenses of rent, their having no families to support or educate, they are able to compete with white labor in all departments and exclude it from employment.

Ethnologists testified before the committee that the Chinese have too little brain capacity to furnish motive power for self-government. As a class they are inferior morally to the Aryan race. Yet the committee found that the Chinese merchants are honorable in their dealings with other merchants. However, they evade to a considerable extent the revenue laws.

The Chinese are rapidly increasing in number, not by births, of which there are few, but by importations. These are of the same low coolie class. Their increase is greater than that of the American adult population.

The Chinese do not come to make their home in this country; their only purpose is to acquire what would be a competence in China and return there to enjoy it. While there is a constant and increasing incoming tide there is a constant outflow also, less in volume, of persons who have worked out specified years of servitude and made money enough to live upon in China, and who sever their connection with this country.

The Chinese do not desire to become citizens of this country, and have no knowledge of or appreciation for our institutions. Very few of them learn to speak our language. They do not desire the ballot, and there is danger that if they had it their "head men" would control the sale of it in quantities large enough to determine any election.

To admit these vast numbers of aliens to citizenship and the ballot would practically destroy republican institutions upon the Pacific coast, for the Chinese have no comprehension of any form of government but despotism, and have not the words in their own language to describe intelligibly the principles of our representative system.

Chinese women in California are bought and sold for prostitution, and are treated worse than dogs; they are held in a most revolting condition of slavery.

The Chinese have a quasi-government among themselves, independent of our laws, authorizing the punishment of offenders against Chinese customs, even to the taking of life. Violent hostilities exist between Chinamen from different parts of China, to the disturbance of the public peace. Large numbers of them, notwithstanding the difficulty of conviction, owing to the looseness of the Chinese oath, occupy the State's prison and jails.

They are cruel and indifferent to their sick, sometimes turning them out to die, and the corpses of dead Chinamen and women are sometimes found in the streets by the policemen, where they have been left by their associates at night. The climatic conditions of San Francisco are unfavorable to the prevalence of pestilence, but it was in testimony that the conditions existing in the Chinese quarter of this city, transfetred to New York, St. Louis, Cincinnati, New Orleans, or other large cities east of the Rocky Mountains, would make those cities uninhabitable. The Chinese quarter already extends over a con-

siderable area in the heart of San Francisco, and is growing year by year. The progress is steady and constant, and the business portion of the city is already cut off by the Chinese quarter from a portion where are many of the most elegant residences.

Such Chinese quarters exist in all the cities and towns of the Pacific coast. The tide of Chinese immigration is gradually tending eastward, and before a quarter of a century the difficult question that now arises upon the Pacific coast will probably have to be met upon the banks of the Mississippi, and perhaps on the Ohio and Hudson.

The committee believe that free institutions founded upon free schools and intelligence can be maintained only where based on intelligent and adequately paid labor. Adequate wages are needed to give self-respect to the laborer and the means of education to his children. Family life is a great safeguard to our political institutions.

This problem is too important to be treated with indifference. Congress should solve it, having due regard to any rights already accrued under existing treaties and to humanity. But it must be solved, in the judgment of the committee, unless our Pacific possessions are to be ultimately given over to a race alien in all its tendencies, which will make of it practically provinces of China rather than States of the Union.

The committee recommend that measures be taken by the Executive looking toward a modification of the existing treaty with China, confining it to strictly commercial purposes; and that Congress legislate to restrain the great influx of Asiatics to this country. It is not believed that either of these measures would be looked upon with disfavor by the Chinese Government. Whether this is so or not, a duty is owing to the Pacific States and Territories which are suffering under a terrible scourge, but are patiently waiting for relief from Congress.

Edwin R. Meade [N. Y.], of the committee, spoke upon the question. In his recommendations as to the proper action to be taken by this Government in the matter he referred particularly to our treaty obligations toward China.

While it is obvious that measures should be adopted restricting this growing coolie immigration a wise policy suggests due consideration and regard for existing treaty obligations with China. Location of the two countries favors the energy and

enterprise of our citizens to monopolize the large and growing commerce with China. England has hitherto been the great power with that nation, but it is well understood that we are fast gaining the ascendency, and that the Chinese Government feels a keener sympathy and higher consideration for this nation.

The appointment of Anson Burlingame to distinguished honors was a signal indication of the kindly feeling which the Chinese entertain for us, as well as of the termination of the Chinese exclusive policy, which, for hundreds of years, has proved an insuperable barrier to western nations in establishing satisfactory relations with that empire.

The Burlingame treaty of June 18, 1858, contains the following provisions which at the date of their adoption received general approval:

ARTICLE V

The United States of America and the Emperor of China cordially recognize the inherent and inalienable right of man to change his home and allegiance, and also the mutual advantage of the free migration and emigration of their citizens and subjects, respectively, from the one country to the other, for purposes of curiosity, of trade, or as permanent residents. The high contracting parties therefore join in reprobating any other than an entirely voluntary emigration for these purposes. They consequently agree to pass laws making it a penal offence for a citizen of the United States or Chinese subjects to take Chinese subjects either to the United States or to any other foreign country, or for a Chinese subject or citizen of the United States to take citizens of the United States to China or to any other foreign country, without their free and voluntary consent respectively.

ARTICLE VI

Citizens of the United States visiting or residing in China shall enjoy the same privileges, immunities, or exemptions in respect to travel or residence as may there be enjoyed by the citizens or subjects of the most favored nation. And, reciprocally, Chinese subjects visiting or residing in the United States shall enjoy the same privileges, immunities, and exemptions in respect to travel or residence as may there be enjoyd by the citizens or subjects of the most favored nation. But nothing herein contained shall be held to confer naturalization upon citizens of the United States in China nor upon the subjects of China in the United States.

These provisions are the solemnly pledged faith of this nation and preclude us from entertaining the suggestion of the majority of the committee, that this Congress may pass laws prohibiting or restricting Chinese immigration or in other mode discriminating against its people without first obtaining the concurrence of the Chinese Government itself; for, while I believe that the government at Pekin would prefer that its population should not emigrate, yet in the face of these treaties any

unfriendly legislation on our part would be justly regarded as their infraction and as a breach of good faith, implying a disrespect for the Pekin government; which would naturally seek reprisals, to the interruption of commercial relations, and the material injury of the several thousands of our citizens whose residence and business interests are within the Chinese Empire. That the Chinese ministry is not unmindful of the importance of treaty obligations is shown in the correspondence transmitted by Minister George F. Seward to Congress on the 4th of December last.

A judicious policy admonishes this Government to avoid the appearance of error in our present relations with China when it is apparent that the British Government seeks by every device known to its subtle policy and diplomacy to extend and perpetuate its power in that empire.

As at present situated, the main checks to English aggression in China are this country and Russia, and for the welfare of both these nations, as well as China, it is desirable that the counterbalance against England shall be maintained by frank, cordial, and intimate relationship with China, which no misunderstanding shall be allowed to impair. It may be said that I exaggerate the importance which would attach to the passage of a law by this Congress, prohibiting or restricting Chinese immigration; but we must bear in mind that our intercourse with China has scarcely assumed form, and that the Chinese Government yet views its relations with the western powers with much doubt and hesitation, while its national pride and self-respect are fostered by a history of more than four thousand years, distinguished by a literature and discoveries in arts and sciences before present empires and republics had a place in the world's geography.

In closing what in these limits must be an imperfect review of the subject, the following suggestions are prominent:

The immigration of merchants, men of education, students, and capitalists should be encouraged, and every unfriendly obstacle in the way of their residence here removed. The French Government has established a professorship of the Chinese language. We need to understand that people more thoroughly, and a liberal endowment for a similar purpose in this country would be of great benefit in developing our business and political relations with them. Entire justice is due the Chinese already on the Pacific coast according as guaranteed to them by existing treaties. A new convention should be held having for its object the strict regulation of coolie labor. The establish-

ment by Congress of a bureau or department of immigration is requisite not only to a proper understanding and regulation of the subject with China, but also with European nations, and the proper reception and treatment of immigrants on their arrival in this country. With such a bureau properly organized, in accord with the State Department and its body of foreign officials, treaty stipulations respecting immigration may be made sufficiently flexible to admit of congressional and executive control, and thus to subserve at all times the interests of our people, eliminate objectionable features, and remove the difficulties which now exist respecting the subject generally.

In the improbable contingency that the Chinese Government will refuse to coöperate with us in proper limitations respecting immigration, then will be the proper time to consider what independent action for ourselves is necessary. For the present, the entire business should remain with the treaty-making branch of this Government. A permanent Chinese embassy soon to be established here, and a Chinese consulship in San Francisco, will be timely, and greatly facilitate in arriving at an intelligent disposition of questions under consideration.

A just and equable national policy respecting immigration is a present need, and great wisdom and prudence should characterize it, especially in the infancy of relations which are to create so many bonds of common interest between the oldest and the newest nations of the globe.

In the next session (1877-78) Thomas Wren [Neb.] introduced in the House a bill to restrict Chinese immigration. It was referred to the Committee on Education and Labor. During the following session (on January 28, 1879) it was reported from the committee by Albert S. Willis [Ky.].

RESTRICTION OF CHINESE IMMIGRATION

HOUSE OF REPRESENTATIVES, JANUARY 28, 1879

Mr. Willis read the report of the committee:

Briefly stated, this bill provides that no master of a vessel shall take on board at any port in China, or elsewhere, more than fifteen Chinese passengers with intent to bring them, or shall bring them, within the United States. The violation of

this provision is made a misdemeanor, punishable by a fine of $100 for each passenger and imprisonment for six months. The master is required, under like penalty, to report on his arrival a sworn list of all Chinese passengers. The penalty is made a lien upon the vessel. The bill becomes operative on the 1st day of July, 1879.

Waiving for the present any consideration of the merits of the bill, the first question is whether such legislation is within the power of Congress.

The existing treaty with China gives its subjects an unlimited right of immigration to the United States. The second clause of article 6 of the Constitution provides that "this Constitution, and the laws of the United States which shall be made in pursuance thereof, and all treaties made under the authority of the United States, shall be the supreme law of the land."

It is contended that any law restricting Chinese immigration would contravene this provision of the Constitution, and would therefore be null and void.

Such a construction cannot be sustained either upon principle or authority. The objects for which the Constitution was formed are higher than any power granted under it. The general welfare, justice, domestic tranquillity, and the blessings of liberty are of supreme importance, and cannot be taken from the people by any treaty however solemnly ratified. The treaty-making power is limited by these objects. Moreover, both in nature and by international law, the first duty is self-preservation. If, therefore, it be true that the presence of the Chinese endangers the peace and prosperity of our people, no mere technical considerations should intervene to prevent an increase of the evil.

The clause of the Constitution above quoted does not, however, admit of the construction contended for. It elevates treaties from the status of mere compacts to the dignity of laws, but does not clothe them with any additional superiority.

Laws made in pursuance of the Constitution are equally as binding and authoritative as treaties, and, if last enacted, control any contravening treaty. This conclusion is enforced by numerous decisions both of the exclusive and judicial departments of the Government. In 1851, in the case of the Florida claims, an apparent conflict between a treaty and a subsequent act of Congress was decided by Attorney-General John J. Crittenden in these words: "An act of Congress is as much a supreme law of the land as a treaty. They are placed on the same footing, and no preference or superiority is given to the one or

the other. The last expression of the law-giving power must prevail, and just for the same reason and on the same principle that a subsequent act must prevail and have effect, though inconsistent with a prior act; so must an act of Congress have effect, though inconsistent with a prior treaty."

These decisions of the Executive Department have been followed by the judiciary. In the case of Taylor *vs.* Martin, 2 Curtis, C. C. Rep., 454, the court says: "It is impossible to maintain that under our Constitution the President and Senate exclusively possess the power to modify or repeal a law found in a treaty. If this were true, no change in a treaty could be made without the consent of some foreign government. That the Constitution was designed to place our country in this helpless condition is a supposition wholly inadmissible. It is not only inconsistent with the necessities of a nation, but negatived by the express words of the Constitution. That gives to Congress, in so many words, power to declare war, an act which, *ipso facto*, repeals all treaties inconsistent with a state of war. It cannot, therefore, be admitted that the only method of escape from a treaty is by the consent of the other party to it or a declaration of war. To refuse to execute a treaty for reasons which approve themselves to the conscientious judgment of a nation is a matter of the utmost gravity; but the power to do so is a prerogative of which no nation can be deprived without deeply affecting its independence. That the people of the United States have deprived their Government of this power I do not believe. That it must reside somewhere, and be applicable to all cases, I am convinced, and I feel no doubt that it belongs to Congress."

Upon principle, therefore, as well as upon the authority of precedents, judicial and administrative, it would seem clear that Congress has the right, by appropriate legislation, to change or to abrogate any existing treaty. Indeed, Congress has in one instance expressly exercised this power. The act of July 7, 1798, declares that the existing treaties with France are no longer obligatory upon the United States.

The evils of Chinese immigration have been fully recognized upon the Pacific slope for many years. Welcomed at first as a unique addition to the society and a valuable ally in the development of the material resources of their new home, the Chinese, by their sordid, selfish, immoral, and non-amalgamating habits, within a very short time reversed the judgment in their favor and came to be regarded as a standing menace to the social and political institutions of the country.

The State laws which had been enacted having been declared unconstitutional by the Supreme Court, and every other means of relief proving ineffectual, it was finally determined to appeal to Congress. Accordingly, as early as the 22d of December, 1869, an effort was made, but without success, to secure restrictive legislation. In the Forty-second Congress, and also in the Forty-third Congress, numerous memorials, resolutions of public meetings, and petitions were presented to the same effect and with the same result. At the first session of the Forty-fourth Congress these renewed appeals for relief met for the first time with a favorable response. A joint resolution was introduced and passed calling upon the President of the United States to "open negotiations with the Chinese Government for the purpose of modifying the provisions of the treaty between the two countries and restricting the same to commercial purposes."

Subsequently, at the same session, another joint resolution was passed, requesting the President to present to the Chinese Government an additional article to the treaty of July 28, 1868, reserving mutually to the two governments the right to regulate, restrict, or prevent immigration to their respective countries. These authoritative requests on the part of Congress failed to secure the desired relief. In the meanwhile the question had assumed dangerous proportions. The conviction that Chinese immigration was a great evil was so deep-seated and unanimous that mob violence was openly threatened, and in many instances the arm of the law seemed powerless to protect. Recognizing the exigency, the legislature of California appointed a special committee, whose report, based upon the testimony of witnesses familiar with the subject, ably and graphically sets forth the objections to the Chinese. Subsequently to this a joint committee appointed by the Forty-fourth Congress collected voluminous testimony upon the same subject, and by a majority report urged upon the Executive Department the necessity for an immediate change of the Burlingame treaty, to the end that such immigration might be restricted or prevented. These reports, together with other official documents upon the subject, were laid before the present Congress.

Your committee consider that further delay would work great injustice to a large portion of our country, provided the evils whereof they complain are well founded.

This whole question is not one of right, but of policy. There is no principle upon which we are compelled to receive into our midst the natives of Asia, Africa, or any other part of the world. The character, source, and extent of immigration should

be regulated and controlled with reference to our own wants and welfare. The difficult problems, economic and political, resulting from the presence of the red and black races would be renewed in a more aggravated and dangerous form by the yellow race. The Mongolian, unlike the Indian, is brought in daily contact with our social and political life; and, unlike the African, does not surrender any of his marked peculiarities by reason of that contact. It is neither possible nor desirable for two races as distinct as the Caucasian and Mongolian to live under the same government without assimilation. The degradation or slavery of one or the other would be the inevitable result. Homogeneity of ideas and of physical and social habits is essential to national harmony and progress. Equally grave objections may be urged against the Chinese from an industrial standpoint. Our laboring people cannot and ought not to be subjected to a competition which involves the surrender of the sacred and elevating influences of home and the sacrifice of the ordinary appliances of personal civilization. The question, therefore, is not one of competition, but of a substitution of one kind of labor for another.

No self-governing country can afford to diminish or destroy the dignity, the welfare, and independence of its citizens. Justice to the people of the Pacific slope, the dictates of common humanity and benevolence, as well as the plainest suggestions of practical statesmanship, all demand that the problem of Chinese immigration shall be solved while it is yet within the legislative control.

Governed by these views, your committee present and recommend the passage of the bill accompanying this report.

Martin I. Townsend [N. Y.] opposed the bill. He said that Dennis Kearney, the "sand-lot" labor agitator of San Francisco, who had started the anti-Mongolian movement with his cry, "The Chinese must go," had won over the Democratic party to the movement. He disclaimed speaking for the Republican party in the matter.

I have nothing to charge against the dominant party in this House, although the first treaty under which these immigrations have occurred was negotiated in good old Democratic days [under Buchanan], but it was in days when the light of heaven sometimes reached the brain of the Democracy. [Laughter.] And, sir, I credit to the Democracy not only the making of the treaty but the prosperity which has accrued to the Pa-

cific coast from the adoption of it. California owes what she is in the agricultural world, her grains, her fruits, her agricultural prosperity, to the treaty of 1858 and the one subsequently negotiated. It was before Kearney came and before Kearney was represented in the national halls.

But it is said we must take unusual ground for the benefit of the laboring classes in this country. The laboring classes in this country, the gentleman from Pennsylvania [Hendrick B. Wright] said, are starving. "Two hundred millions of them" [laughter], said the gentleman from Pennsylvania, "are starving!" Two hundred millions in this country are starving! [Great laughter.] And he said, besides, that there are in Pennsylvania five thousand in the lunatic asylum from the hardness of the times. Let me say to the gentleman from Pennsylvania that lunatics sometimes are made by hardness of the times, sometimes by unrequited love, and lunatics are sometimes made from unsatisfied ambition [laughter] and the Pennsylvania lunatics made by the latter cause do not always stay at home within the State of Pennsylvania. [Great laughter.]

I stand here not to disparage, not to underrate, the suffering of the laboring classes or other classes in this country. It has been very great; it is very great to-day; it has been always very great in the world. The struggle to keep the wolf away from the door is the hardest struggle humanity has to make, and yet it is what has made humanity what it has come to be in the better portions of Christendom. The hard soils of Pennsylvania—there are some good soils there—the hard soils of the hardest part of New York, and the hard soils of New England have made a body of men whom we may be proud of before the world and before Heaven.

But, sir, do not let us forget another thing, that in the midst of these hard times the year 1878 in the United States of America was the year of the greatest prosperity that has ever occurred to any people since the dawn of creation. There never has been a period in any land when labor could buy with its rewards so much to eat, to drink, and to wear and with which to provide for its loved ones, as the year 1878; and all this has occurred to a great degree because we have overridden the fanatics of the olden time. It is the "Heathen Chinee" to-day that we are called to suppress. I say to the gentleman from Kentucky [Mr. Willis], who has charge of this bill and who represents Louisville, Kentucky, that I remember the day when the cry was against the Catholic Irish, against the condemned Germans, and when the streets of his city flowed with blood

and when the streets of St. Louis, in Missouri, flowed with blood in the riots against the Irish and the Germans because they were coming here to take away the labor of the American citizen and rob his children of their bread. Those who got up those riots were overruled. Thank God, I had a hand in it. I was in a minority. The great men of the Democratic party, many of them of the State of New York, were on the other side. Erastus Brooks, of the *Evening Express*, a trusted leader of the party to-day, was, if I remember rightly, the head of what was called the American Order, organized to protect the country against the inroads of what they deemed hordes of Irish and Germans. But, sir, we put them down by the use of hard common sense. We beat them, though we were in a minority. My State gave 200,000 majority in favor of oppression and exclusion. But, sir, our unparalleled prosperity which has crowned us in this country has been due in a gerat degree to the sturdy, stalwart labor of the Irish and the Germans.

Some one says "demagogue." Is it Bill Nye that says it? [Laughter.] I have Bill Nye here [holding up a volume] [laughter], and I will allow Truthful James to read his dreadful indictment against the "Heathen Chinee."

Here the speaker read "Plain Language from Truthful James," by Bret Harte.

Now, sir, I did not join in that raid against the Irish and the Germans. I have never yet joined in a raid against anybody, and now that old age is upon me I hope that God will give me grace for the future hours I have to live to keep me from joining in a crusade against any portion of the race that has descended from Adam.

Sir, this Chinese immigration is put in a light that will bear a great deal of criticism. The census of 1870 shows the total number of Chinese in Oregon, in California, and in Nevada was in that year only fifty-five thousand. I do not believe that there are to-day more than seventy-five thousand men that we are called upon to legislate against.

What is the matter with these men? A gentleman in Washington now, a distinguished merchant of California, whom for political reasons I will not name, has said to me, within the last week, "I have dealt to the amount of more than half a million of dollars in small sums with the Chinese merchants in San Francisco. They never violated their word, and I never lost a dollar by them." Do not these men earn their fee and

bounty? The charge is that they come and make us rich and do not take away money enough to pay for their services.

Ah, but we have a new school of philosophers; such as went before our labor committee and for weeks twaddled about overproduction. They declared that the sufferings of the laboring people in this country arose from the fact that there was too much production; we were ruining our laboring people by furnishing them too much clothing; by furnishing them too much food; the country was getting to be all piled up with food, all loaded down with clothing, and hence starvation and nakedness.

Sir, these are not the laboring men. They are demagogues and idlers at corner groceries; men who are supported by the labor of their wives and never do a day's work from year's end to year's end. What labor does Kearney perform? He is hounding on his wild followers to the destruction of all we hold dear. What does he do to earn an honorable subsistence?

THOMAS RYAN [Kan.].—He passes round the hat.

MR. TOWNSEND.—It is said these Chinese are wicked. I have never known a people who were not wicked—if you listen to those who wish to do them wrong. In the Middle Ages it was said that the Jews stole children and crucified them.

It was said in 1854 that if we allowed Catholicism to come into our country our liberties would be gone. How many men on the opposite side of the House come here to-day except by permission of St. Patrick?

I have another thing to say about the Chinese. It is said by those who hound on the hoodlums to wrong and torture them in their quiet labor by which they shun your poorhouses that they cannot be induced to adopt the Christian religion. I say to such, and I say to all men, if you wish to make Christians of the Chinese treat them in a manner becoming Christians.

Sir, when James Buchanan negotiated that first treaty, which was afterward so much enlarged by the Burlingame treaty under Lincoln, he made a step forward in the advance of civilization, Christianity, and commercial prosperity, and a step in favor of the human race; and when the treaty of Japan was negotiated the two treaties together opened to Christianity and prosperity and fraternity a portion of the world which had been shut up for centuries.

I am not for taking a step backward. I am for going forward and treating the human race as brothers. I will quote upon this subject the language of a man whose lyre was always resonant with the best sympathies of humanity; I refer to the immortal Robert Burns:

Then let us pray that come it may,
As come it will for a' that,
. . . . . .
When man to man, the warld o'er,
Shall brothers be for a' that.

[Applause.]

Mr. Willis supported his measure.

Mr. Speaker, twice before in our history we have been called upon to determine questions arising from the difference of races. Our first experience was with the red face. Millions of money and thousands of valued lives have been sacrificed in the vain effort to make the Indian either an obedient subject or a willing citizen. He is to-day the same sullen, unconquered alien savage that he was in the earliest colonial history of our country. The "Indian policy" is as much a vexed problem of legislation in this as it has been in every preceding Congress since the organization of our Government.

Our next experience was with the black race. Need I recall the bitter animosities, the sectional strife, the political and religious dissensions which marked its progress, until the problems which the wisest statesmanship had failed to solve were finally determined by the arbitrament of arms?

And now before our trials and difficulties with the red and black races are fully ended we are invited to another and even more difficult experiment with the yellow race. If our experience has been a failure, or at best a doubtful success, with the African and the Indian, what can we expect from the Mongolian, who has neither the docility and humility of the one, nor the consciousness of inferior civilization which distinguishes the other. The bill which is now before the House puts an end to this third experiment with an alien race.

But two questions are involved in the passage of the bill: Have we the constitutional right to enact such a law? and, if so, ought we in this instance to exercise that right?

Upon the first of these questions the decisions which have just been read from the report are, it seems to me, conclusive. A treaty under the Constitution is not more sacred or binding than a law. The last expression of the legislative mind, whether by treaty or by law, is the controlling one. If, therefore, Congress passes this bill the Burlingame treaty, as far as it conflicts with its provisions, will become null and void. Admitting, then, the right, a right not founded upon any doctrine of higher law, but based upon the principles and precedents of

the Constitution, the next and more practical question is, shall we exercise it? Is it good policy? Is it expedient or necessary to enact a restrictive law of this kind? Do the facts justify it?

The first fact to which I would call the attention of the House is that wherever the Chinese have gone the judgment of condemnation against them is almost unanimous. The States of our own country in which they have secured a foothold have been pronounced and often violent in their opposition. Their governors have issued messages and proclamations, their legislatures have enacted laws, their courts have rendered judgments, the avowed object and purpose of which were to put an end to Chinese immigration. There are to-day in the hands of our committee the joint resolutions of four State legislatures, the memorial of the constitutional convention of California, passed only a few days ago without a single dissenting voice, together with the proceedings of innumerable societies, religious bodies, labor conventions, and the petitions of over one hundred thousand private citizens, setting forth from different standpoints the evils of Chinese immigration, and urging upon Congress the necessity for prompt and vigorous measures of relief.

When it is borne in mind that the people of these States were not at first hostile to the Chinese, but on the contrary welcomed them as valued allies in the development of their material resources, the weight of this adverse testimony is greatly increased. If, as is contended for by some, the Chinese make useful citizens and worthy members of society, why this unanimous desire to get rid of them. If the evil of their presence did not exceed, did not far outrun the good, would not self-interest join with justice to prevent such a result? As it is, the free, unprejudiced, and deliberate judgment of so many different communities, not confined to any one but held by all classes, is certainly worthy of the gravest and most careful consideration. And especially, Mr. Speaker, should it be respected when it is confirmed and enforced by that of every country in the world where the Chinese have found a lodgment. In Java, in Siam, in Singapore, in the Philippine Islands, and in the Australian colonies, as has been shown by my esteemed friend from California [Horace Davis], the same opposition has been aroused and the same results realized long ago which we to-day see upon the Pacific slope. Everywhere they have made themselves obnoxious; everywhere heavy penalties and restrictive legislation have been found necessary means of protection. In Java the Chinese have lived for hundreds of years, but this long residence has neither diminished nor destroyed the objectionable

features of their character. Years ago they were declared by the official authorities to be a very dangerous people, a pest to the country, for which the only remedy was their expulsion. We are not, therefore, the only people who object to the Chinese.

Nor, Mr. Speaker, if we pass this bill will we be the only nation that has set aside a treaty which worked injury and injustice to its citizens. Both France and England have treaties with China which, like our own, provide for free immigration, but neither government has hesitated to impose special taxes and restrictions upon them. As far back as 1855 the English colony of Victoria levied a capitation tax of $50 upon every Chinese immigrant. In 1861 a similar tax was imposed by the colony of New South Wales, and in 1877 by the colony of Queensland and also by the French colony of Saigon. We, sir, may well profit by the older and riper experience of these countries. If restrictive laws have been found necessary and have proved successful with them, why should we not use the same means for our own protection?

The briefest inquiry, Mr. Speaker, into the reasons for such legislation will show both its propriety and its necessity. The Chinaman, whether as a laborer, as a member of society, or of the body-politic, is an undesirable and dangerous element in any community. Crowded, huddled together, forty or fifty in a room not larger than would accommodate with decency and with comfort one man with a family, discarding or disregarding all the usual ordinary appliances of personal civilization as to diet and clothing, cooking, eating, and sleeping in the same apartments, they have succeeded in reducing the cost of living to its minimum and thus wherever located have forced the laboring classes to the wall. As laborers, therefore, the Chinese can only exist to the exclusion or degradation of all others in the community.

Nor as members of society are they less objectionable. The personal habits consequent upon their mode of life in these squalid dens, their low groveling ideas of virtue and religion, and their peculiar social views have been commented upon and condemned by every nation with whom they have come in contact.

As members of the body-politic the complaints against them have been equally strong and widespread. Nearly fifty years ago we find the Dutch government of Java complaining that the Chinese form a distinct class, refusing to mingle with or be absorbed by the society around them; preserving their own cos-

tume, their own habits, traditions, social organization, and nationality.

These objections to the Chinese, Mr. Speaker, whether from an industrial, social, or political standpoint, are worthy of serious consideration in any community. In a self-governing one, however, such as ours, they deserve especial attention. Here, if anywhere, it should be the aim of the Government, of its legislative representatives, to elevate the dignity and preserve the self-respect of all of its citizens. As are the people so will be the government. If the people are corrupt, if they are ignorant, selfish, or unpatriotic, the government will reflect these ignoble traits in its own features.

The introduction, therefore, of a class of men like the Chinese, who are without homes or families, whose education and habits disqualify them for citizenship, whose cheap wages degrade labor, and whose want of morality and self-respect unfits them for society, is fraught with great danger to our republican institutions, and should be promptly and effectually checked.

We say in theory to our citizens that they are to be protected in all their rights and privileges; we say to them in theory that the Government respects and honors labor—honors the bone and sinew of the land. How, then, can we hope to secure a bold, defiant, independent citizenship among the laboring men who comprise four-fifths of our population if we declare to them by our conduct, by our practical legislation that these generous theories are but myths, but glittering generalities? Shall we subject them to a competition—to a mode of life—that will make these grand and inspiring truths utter impossibilities? Shall we say to them that the rights and honors of American citizenship are one thing, and their possession, their enjoyment another and a different thing? Shall we, in other words, compel any class of our fellow citizens to surrender church, home, and school to become mere "hewers of wood and drawers of water," by subjecting them to the shame and degradation which curse the Chinese laborer?

I hope and believe that no such declaration will ever go forth from this body, but that we will recognize the equal rights and dignity of all of our citizens by the prompt passage of this bill.

Such a result is demanded by political no less than by industrial conditions. We welcome to our shores all who desire or intend to make this their home or who expect to become permanent citizens of our Government. The Germans, the Irish, the French, and other immigrants to our country have quickly

and successfully adapted themselves to our institutions. Prompt to defend the honor and to promote the interests of their adopted land, yielding ready and cheerful obedience to its laws and customs, they have illustrated in their lives and vindicated by their conduct the wise policy of immigration. As kindred drops of water they have mingled and been lost in the great stream

THE NEW PANDORA'S BOX

Representative Manufacturer, (*springing open Chinese surprise box*)—"There!—What do you think of that little joker?"

Knight of St. Crispin.—"Pshaw! That's a mean trick! Wait till I open *my* box."

From the collection of the New York Historical Society

of American life. The Chinese have no such intention or experience. They do not come to seek homes. They disdain to accept our institutions; they look with contempt upon our social customs; they defy the authority of our laws; they retain all the distinctive features and characteristics of their national life. Twenty-five years of residence and contact with our people have left them unchanged and unimproved in any important particular. The argument, therefore, which the gentleman from New York [Mr. Townsend] bases upon a comparison of this race with our Irish and German fellow citizens is utterly without foundation. The Chinese, unlike them, have always been and will always be an alien element in our midst. We want no such indigestible substance in the body-politic. We want a brave, patriotic, self-reliant, assimilative citizenship.

The bill was passed by a vote of 155 to 72. It was referred in the Senate to the Committee on Foreign Relations. On February 7 Hannibal Hamlin [Me.] reported the bill from the committee. It came up for discussion on February 13.

Restriction of Chinese Immigration

Senate, February 13-15, 1879

Aaron A. Sargent [Cal.] repeated the familiar arguments in favor of the bill. He dilated upon the conditions in "Chinatown," San Francisco.

There is in San Francisco a city within a city, a section cut out of Pekin or any other Chinese city that may be mentioned, an *imperium in imperio*. There is a population concentrated in certain blocks and squares of some forty thousand, varying at different times in the year. At great expense our people have been able to preserve something like cleanliness in that quarter. Left to itself it becomes so filthy that no white man can stand the stench. White people flee from the contact of that neighborhood, and property all around it depreciates. There is a strange people there. A newspaper or a book never penetrates within its precincts. They speak a foreign and impenetrable tongue. They are governed by their own tribunals which inflict penalties for the transgression of their laws, laws frequently in violation of the municipal laws, even to the extent of death; and upon that the testimony is uniform of our judges, our prosecuting officers, our clergy, and others who have had occasion to investigate the matter.

This China city needs but to grow to fill up and supplant the whole American city, and what is to prevent it? Its denizens are a very slight fragment of the four hundred million people behind them, pushed by famine outwardly, seizing every opportunity to come to California where, under any circumstances whatever, even of oppression, their lot is better than that in their own country. In that quarter of the city—and it is nearly a quarter of the city—there are nests of contagion which the utmost vigilance of our health officers can hardly break up. We can trace to them two or three epidemics of smallpox; on one of those occasions everybody in San Francisco who would take the smallpox had it; hundreds died in our pest-

houses. Leprosy is found there; a friend of mine who employed Chinese in his family, and I suppose caught the contagion in that way, died of that horrible disease. Leprosy among the Chinese themselves is quite common, so that we have been compelled to deport them back to China, finding them in their haunts as we find smallpox patients in the last extremity of misery and disease, hid away under some stairway, perhaps put into the streets to die by unfeeling associates.

This vast horde of people bring no families; a family is an exception among them; probably not more than a dozen or two in San Francisco have families, and those the very highest merchants. They bring no women, except that out of one hundred and twenty thousand or one hundred and forty thousand of them in the State there may be six thousand women, held in most abject bondage and brought for purposes of prostitution.

Now, what are the morals of one hundred and forty thousand men without families? I cannot discuss in this presence a question like that. If Senators have any curiosity on it, let them read works on China. They are guilty of hideous immoralities wherever they are, so that they become offensive to any community where they go. I will read a short extract from Bayard Taylor in his work on "India, China, and Japan." Bayard Taylor was a Republican. He certainly was as strongly imbued with sentiment, the sentiments of my friends on my right, as any man ever in the country; but, more than that, he was a practical observing man, and he says with reference to the Chinese:

> It is my deliberate opinion that the Chinese are, morally, the most debased people on the face of the earth. Forms of vice which in other countries are barely named are in China so common that they excite no comment among the natives. They constitute the surface level, and below them are deeps and deeps of depravity so shocking and horrible that their character cannot even be hinted. There are some dark shadows in human nature which we naturally shrink from penetrating, and I made no attempt to collect information of this kind; but there was enough in the things which I could not avoid seeing and hearing, which are brought almost daily to the notice of every foreign resident, to inspire me with a powerful aversion to the Chinese race. Their touch is pollution and, harsh as the opinion may seem, justice to our own race demands that they should not be allowed to settle on our soil. Science may have lost something but mankind has gained by the exclusive policy which has governed China during the past century.

Furthermore, they come and are worked so cheaply because there is a system of contract or coolie labor; they come from China consigned to one of six companies, great, powerful,

wealthy corporations. They come, giving their labor in exchange for their passage money for a number of years, to work wherever they are sent, and they are sent wherever it is profitable to their masters to put them. They live on a few handfuls of rice. A dozen of them will be stowed in the space of four or five of these seats; a room of moderate height with a false floor put in it, and both covered all over with bunks and shelves one above the other, and in these quarters they cook, they sleep, they smoke their opium. They lay by a few dollars to send back to China, and they are rich. How can the American laborer compete with them? The American laborer has or desires a family; he has children that he wishes to educate. Upon his best room he wants a carpet. Decency requires that his daughters shall not sleep in the room with his sons or with the parents. He wants the little conveniences of life. He wants American civilization. This is not American civilization; this is filthy, squalid barbarism, and if anybody is disposed to sneer at this question from this latter aspect I tell him he cannot afford to do it. I have no sympathy with agrarian notions; I believe in the rights of property; I believe in peace and order; I have no sympathy with Kearneyism; I am speaking in no such interest.

It is not the laboring man, it is not the Irishman, the German, or the American uneducated man, who complains of these things merely. All classes of people on the Pacific coast who have observed this are of the same opinion. I hazard the assertion that there are not a thousand men in California who are not of the same opinion that I hold on this matter. There are great ranch holders, men who cultivate or attempt to cultivate ten, twenty, or thirty thousand acres of land, who say that without this cheap labor they cannot carry on farming. Such farming ought to stop, Mr. President. Those great domains, half covering counties, ought to be broken up. It is the highest policy of society to break them up and allow mankind generally to have homes. Small farms, cultivated by the owners, need none of this cheap servile labor.

It was the same argument that justified slavery; cheap labor was absolutely essential to carry on the industries of the South, it was said; and we know how fallacious that is in the face of a larger cotton crop this year than they ever raised before since the South was founded.

The fears of California and the other Pacific States are not peculiar in this matter. We are not alone in saying that this is an emergency and in begging Congress for some relief upon it. The Chinese problem is being discussed in England, in France,

in Russia, in the English and French and Dutch colonies of the East Indies, by the ablest magazines of the world, and by the foreign press. I have here copied at considerable length an article from the London *Times*, which is so important that I am almost tempted to read it, wherein they show the effect of the Chinese upon the English colonies and in the United States, and say that in their belief, so far as the United States is concerned, there is a graver crisis arising from the influx of these people than there was from the slave trade and the abolition of slavery. The *Revue des Deux Mondes*, the great French magazine, says with regard to this matter:

> If nothing happens to check this movement before the end of this century China will have completely overrun California, and, pushing forward her waves of emigrants, she will spread toward the rich and fertile plains of the center of the American continent. Only a war of extermination can then take from them what they will have peacefully conquered by the sole force of numbers, work, and slow, patient economy. What such a war will be one can easily imagine; and this new conflict of races will attain proportions hitherto unknown.

And, again, the same magazine says:

> It is evident that, whenever the Chinaman becomes a permanent resident, the invasion will increase by giant strides and the American population will disappear in these compact masses of Asiatics. Without the reverse current homeward, California would have been long ago a Chinese colony.

Aside from the question of foreign influence and as to its influence upon California, I desire to call the attention of the Senate to the fact that at the recent Berlin congress, where the peace of Europe was again patched up, Count Shouvaloff, the Russian ambassador, called attention to this great Chinese problem threatening the civilization of the world, and said that unless "arms of precision"—as I translate his language—could be kept out of their hands they would overmaster civilization. I quote from his declaration:

> If the countless hordes of China and India are to be permitted to arm themselves with modern weapons and to acquire a practical knowledge of the art of modern warfare, there will be nothing to prevent them from rolling forth into Europe and crushing Christian civilization out of existence. Especially were the Mongolians to be feared from this point of view, and he invited the congress to take the matter into serious consideration and to deliberate upon the practicability of a league of the European powers, binding them to abstain from employing Asiatic troops in Europe and to prevent, as far as possible, importation of arms of precision into Asia.

This is a problem more important than that of Tamerlane.

The other foreigners who come to us are assimilated almost immediately in our midst. In the second generation their distinctive features disappear; at any rate, in the third they cannot be distinguished, no matter what nationality they may originally have been, from the common mass of our people. That is not so with the Chinese. Over a generation has elapsed since the Chinese came to the United States, and they are the same as they were when they first came, entirely, in every sense of the word, indigestible; and it is not merely so in California, it is so in the East Indies wherever they go. Japan fears them, and has made stringent regulations to keep them away. It was the effort of the Coreans to keep them out of their borders, persisted in for long, long years; and the restriction is not yet removed so that they can go to Corea, and the reason is because they are hated and feared. Sir Walter Medhurst in an article in the *Nineteenth Century* for September, an English magazine, after defending the Chinese from some accusations, showing that he is friendly toward them, says of them in conclusion:

> It follows that, whatever may be the political changes that may transpire in the countries to which Chinamen resort, their condition will be the happiest for themselves, and safest for the country concerned, if they are dealt with as a subject people, and as a community possessing abnormal characteristics, and therefore needing otherwise than ordinary treatment.

Can we treat any people in our midst as "a subject people"? Is it possible? Is it not contrary to the genius of our institutions?

Now, for a moment I wish to call attention to what other nations have done to get rid of this Chinese invasion, for that is what it amounts to. I do not say that the means adopted by them were the wisest or were humane, but it simply shows an endeavor to get rid of them on some terms or other. That seems to be a necessity which apparently knows no law sometimes of mercy or humanity.

In Australia they do it by a heavy capitation tax or importation tax. The Dutch in Batavia levy a heavy and insulting tax; they tax the Chinaman's head, they levy a tax on his fingernails, on his cue proportioned to its length. The French in Saigon seek by oppressive legislation to keep them out. The Spanish in Manila tried the same thing by massacre, so much so that at one time, there being I think some fifty or sixty thousand Chinese there, they were reduced by a massacre to seven thousand—a most uncommendable way to get rid of them. But

there is an instinctive aversion to them, arising from their habits and their peculiarities, above all other peoples; so that the consul of the United States at Singapore, writing to my able and excellent colleague in the other House, Horace Davis, says that the Hindus and other Asiatic races which we have been disposed to consider in the lowest scale of humanity will not associate with the Chinese, and have as great a prejudice against them as any other people, and in the case of the riots which have occurred at Singapore, raised by lawless Chinese, and which I have seen matched in California from their fighting among themselves, they always take part with the authorities against the Chinese.

In Siam and the Philippine Islands there is a heavy poll tax on them.

In conclusion, I simply wish to say that in the East this matter is being understood by the most enlightened of the public men, by clergymen, by professors of colleges, and by others. I hold in my hand, out of many letters that I have received from men of this class, two letters; one is written by Andrew D. White, president of Cornell University, and the other by the lately deceased and regretted president of Princeton Theological Seminary, Dr. Charles Hodge. And, when men like these can write upon this subject, it seems to me it would be well for those who would brush it aside from mere sentimentality to review the position in which they stand.

Stanley Matthews [O.] opposed the bill.

Mr. President, if I believed that the representations which have been made in respect to the evils to be remedied by this legislation were as true, as faithful to the fact as no doubt those gentlemen sincerely do who make them, I should still be compelled to vote against this bill. If I believed that we not only had the constitutional power but the moral right to keep out from our social and political body voluntary immigrants from the Chinese Empire or elsewhere on the face of the globe; if I believed that the good to be accomplished and the evil to be averted by keeping them out were as great as the gentlemen who represent on the floor of this body the States of the Pacific coast do believe them to be, nevertheless my respect for the sanctity of the plighted faith of the nation in a solemn treaty with a sovereign power would compel me to seek some other method of securing these results than this arbitrary act of legislation.

Why, Mr. President, we are discussing the passage of this bill and about, I fear, to pass it, in the face of a treaty, a treaty made by the constitutional treaty-making power of this nation, made with remarkable circumstances of exceptional solemnity, made by a special embassy sent for the purpose, in which, in the face of great difficulties and obstructions occasioned by the impenetrable character of these people, we solicited from them the covenants which we are now about to break; and we are to do it by putting upon that treaty the stamp of hypocrisy on our own part as a party to it, for we approached the Chinese Government in the Burlingame treaty with such expressions as these:

> The United States of America and the Emperor of China cordially recognize the inherent and inalienable right of man to change his home and allegiance.

And also:

> The mutual advantage of the free migration and emigration of their citizens and subjects respectively from one country to the other for purposes of curiosity, of trade, or of permanent residence.

What has occurred since the date of that treaty to give the lie to that declaration? If none but our own convictions have changed either as to the right or the expediency, then by the same bonds with which we bound the parties let us seek to unloose them from the obligations into which we entered. Let us go to the Emperor of China and say that the experience of the nation and of the world since that time has convinced us of the error of that profession, and that notwithstanding the mistake under which we entered into the contract at that time we desire to make the correction with their consent, as with their consent we entered into it.

Suppose, Mr. President, this were a treaty with Great Britain; suppose it were a treaty with France or Germany or any other fighting nation; suppose it were a treaty with a Christian nation and not with pagans and heathens; would it be consistent with the obligations of international law, would it be consistent with the courtesy that prevails in international intercourse, would it be consistent with our own self-respect, would it be consistent with that wholesome fear which every man and people have when they are on the brink and verge of doing that which they are conscious to be wrong, that we should approach them in any other way than by the peaceful way of amicable

negotiation? Would we dare, in the face of the opinion of the civilized world and in the fear of the consequences of exciting the indignation and just anger of a proud and high-spirited people, be guilty of this act of Punic faith, repudiating the obligations of a treaty, without the ordinary and poor politeness of giving an antecedent notice of our intention, much less soliciting the consent which binds nations by a moral obligation as strong, as high, as great, as those which affect the consciences of private individuals?

We have the constitutional power to do this thing, Mr. President. I do not question that. We have the right by law to repeal any other law, and we have the power by law to violate all our treaties; and when it has passed into the form of an enactment, and received the sanction of the whole law-making power of the body-politic, it is then the binding law of the country, but it is a law nevertheless in breach of a treaty and in violation of solemn and plighted faith.

Whenever we wish to make war we break treaties of peace; and doubtless there are occasions when the cause and provocation are sufficient, and when the emergencies of self-preservation and defence are so great that we are morally justified in throwing off the shackles of an obligation which ought in morals no longer to bind us. But is that this case? Has anything been done by the government of the Chinese Empire or by the people and inhabitants of that country in derogation of this treaty and in violation of our rights under it?

Now, I am not willing, Mr. President, by my voice and by my vote to bring upon this nation and country the reproach of covenant breakers. It may be that these people are pagans and heathens and outside of the circle of Christian sympathy, if, indeed, pagans and heathens are outside of that, which certainly is not in conformity with my idea of the area of human interests that is covered by the Christian principle of human brotherhood. These people are intelligent; they know the force and meaning of words, and they understand a good deal about the relation of things, and we can approach them with all the reasons and arguments necessary to convince an intelligent people of the propriety of amendments and modifications of this treaty; and when we have their final refusal, when we know the extent of the evil under which we suffer and that there is no other remedy, none to be obtained by and through negotiation and treaty stipulation with them, then, sir, and then only, for the first time will it be in order in the parliament of morals to commence the consideration of such a proposition as this.

We are told that these people are aliens to us, aliens in thought, aliens in religion, aliens in language, aliens in dress, aliens in race, aliens in every circumstance of civilization, and that their presence is a fatal poison in our body-politic. Ah, Mr. President, I thought American civilization was a robuster child than that. I thought from the descriptions which from boyhood I have read and heard in reference to the vigor of our character as a people and the adaptation to all possible human circumstances of our admirable and perfect institutions of freedom, that this was a land and a country which could safely welcome to its shores the outcasts of every other clime, that its powers of digestion and of assimilation were such that the very evils which afflicted mankind elsewhere would be taken up into the blood and circulation of this people and convey nutriment and health and strength to every limb and part of our economy. It is the boast, perhaps my friend the Senator from California who sits nearest to me [Newton Booth] may sarcastically say, of Fourth of July orators. Ah, Mr. President, has the oratory that is peculiar to the Fourth of July come to be a hissing and a by-word, a scorn and a reproach, and our flag "a flaunting lie" in this day and generation when we supposed that we had practically vindicated every abstract and elemental truth in the Declaration of our Independence? Is it enough to smother opposition and put down argument to say that that is merely the sentimentality of a Fourth of July oratory, and not the words of soberness and truth? Then by what token is it that we vaunt the superiority of our civilization and of our government and of our institutions over those of the effete monarchies and despotisms of the Old World? Is it or is it not true that the young democracy of this continent is still a lusty giant able to throttle all the serpents that attack him even in his cradle, and to outlive all the ordinary contingencies and vicissitudes which have sapped and undermined the foundations of other governments because they were not founded on the doctrines of human equality and human rights?

Is our religion so exotic, so merely professional, so merely sentimental that the joss in the temple of "the heathen Chinee" is likely to supplant in our affections and veneration the great "I Am" who called into being him as well as us, and made Himself the Father of us all? Or is it not a great conquering, overwhelming, and triumphant propaganda which going forth from its original seat in the land of Judea, known to us as the Holy Land, preached as the gospel "to every creature" and made the welcome tidings of "peace on earth and good-will to men" with-

out respect to the color of their skin or any other of the accidents of race or birth? Are we compelled by voting for this bill not only to admit that our democracy is a piece of hypocrisy, but that our religion is a sham and superstition? Is there indeed a God above or righteousness on earth or any truth or reality in the unseen things which we are told are eternal when the seen things shall have passed away like a scroll?

And yet, if I understand the argument, it is because the freedom of our institutions and the purity of our religion are endangered by the huddling together of forty thousand Chinese in the city of San Francisco! And we are warned by the history of the ages and the experience of the world and our own observation that we should be very careful how we endanger the peace and security of our age by courting the essential conflict of antagonist races. The same cry made the Jew an exile for hundreds of years and crowded him into the Ghetto at Venice because he was an alien in race and had crucified our Saviour. The same thing made a chattel slave of the poor African that had been torn from his home and brought here against his will. And we are reminded of the dire and bloody conflicts which his presence inspired and carried on until our own land saw them expire in the blood of hundreds of thousands of patriotic men. Ah! Mr. President, was it the presence of the black man on this continent that brought in upon us all this woe, or was it his presence here as a slave? Was it not rather the presence of that invisible specter, the injustice with which we treated him, which came upon us with the retribution of a just Heaven and inflicted upon us the punishment for our joint and common sin?

Conflict of races? Sir, is the globe not big enough for us all? Who made it and those that dwell upon its face and made them all of one blood, with one immortality and the same destiny? Is there any gentleman here that thinks he is competent to improve upon the work of creation and make it better than it was made by Him that doeth all things well? If we can live upon the surface of the same earth, what hinders us from living together on the same continent? Are we to have no communication with them, no intercourse, commercial, political, personal? Why, Mr. President, the civilization of Europe thundered on the Asiatic coast with fleets armed with guns to open China to Christian civilization, to compel them to sell to us their tea and to buy our opium.

GEORGE F. EDMUNDS [Vt.].—And to admit our people to reside in their territory.

SENATOR MATTHEWS.—Undoubtedly, to reciprocal rights.

You forced the treaty out of them; or, if the American did not do it, he stood by when others, bolder and more courageous, extorted theirs, and came in on the footing of "the most favored nation."

It is said that this conflict of races is inevitable and necessarily injurious, and that the difficulties which spring from it are insoluble. Mr. President, perhaps they are to the human heart in its natural and unregenerate state; but there has been a Divine prescription and remedy. There is no trouble—I say it in the presence of all the Senators—there need be no trouble to-day within the limits of these States between the white man and the black man whenever the reign of righteousness becomes as practically applied as we mouth it and profess it. Do right; treat every man, white or black, copper-colored or whatever, as you would be done by yourself in like circumstances; and then any evil you may suffer is greatly better to be borne than the evil which you inflict by not administering that rule. It is simply to apply in politics, in our social economy, in our personal intercourse, in the institutions of society, wherever human action is called into being, the Christian rule, the law of divine benevolence and of human brotherhood, and all the difficulties of caste and creed, and all the conflicts which spring up from the apparently irreconcilable and adverse interests of men disappear, vanish away like the mist and the morning dew in the presence of the warm and bright and health-giving influences of the rising sun.

But it is said that it is not so much a conflict of race, of religion, of color, of caste, as it is a degradation of labor. Mr. President, I trust and I believe that I take to heart the suffering condition of labor in this country and elsewhere as much as does any other Senator or any other man. If I cannot agree in any remedies that may be proposed for the evil of that condition, it is not because I do not recognize the fact of the evil or the necessity of the remedy, but because I believe there is a remedy and that it lies elsewhere and in another direction. I do not at all believe with my distinguished and respected friend the Senator from California who sits nearest to me [Mr. Booth] that the antagonism with labor and the sufferings in its condition, the privations and distress to which it is subjected, are problems that are insoluble. They are difficult, I admit; they are not solved, I know; but I think that if the time that is wasted by public men of all nations upon comparatively trivial and unimportant things were directed to the solution of the labor problem we should find some Edison to arise in the world

of moral politics who would invent some principle or some scheme of political institution which would remedy their evils.

Why, Mr. President, the evil of our labor system is not the cheapness of production. On the contrary, the thing that we strive for, the thing to which we are directing our energies, the thing to which the inventive genius of our race is constantly applied, is to find out from day to day by what economics, by what contrivances, the product of labor can be furnished to the world at the least cost. Why is it that to-day the metallic treasures of Europe and the world, in addition to the flow from our own mines, are turning their currents into our treasury here? Why? Nothing more and nothing less than that owing to the cheapness of our productions we are sending the products of our labor into the markets of the world at prices less than they can be afforded there by any other people.

What, then, is the real difficulty? It lies not in the administration of the laws of production at all, but in the law of the distribution of wealth; and if every man had the due share which upon a just system would come to him by reason of his industry and his exertions there would be no starving man on this continent or elsewhere.

Why, Mr. President, they tell us that the presence of forty thousand Chinamen in San Francisco is beggaring the laboring population of this country. What is it that to-day beggars the operatives in Liverpool, in Glasgow, in the iron districts of Wales? What causes the suffering in Germany, in Austria, and here? Is it the forty thousand Chinamen that are working at under-wages in San Francisco, or is it not rather more at least attributable to the vile demagogism of another product of California politics, Dennis Kearney and his associates? If we have no other and greater evils here than exist across the Atlantic in Europe, why is it necessary to recount this idle tale about the misery and the injury of Chinese immigration? The Chinaman is a laborer wherever he is, in America or in his own country; and why should he whose sympathy runs out to labor as such, to necessity, because it is the God-given way to work out the destiny of men, because it is our destiny and our birthright and our way to improvement, stop short at the Chinaman, and not let it go out through the length and breadth of the whole world of labor and say that here, there, everywhere where there is a man and a laborer, there you are to sympathize with and help him?

The principle of competition, which it is said in some schools of social and political economy lies at the root of the unequal and unjust distribution of the world's goods, shows itself in this

attack wherein the laboring man, delivered up only to the selfish consideration of merely an individual interest, turns and rends his brother laborer because the common Father of them all has dressed him in a different color and endowed him with a strange speech. Is that the way this heaven-high problem of labor is to be solved; or is it not in a different and more reverent spirit, recognizing the great fundamental, underlying principles of justice, of right, of equality, which, although abstract and invisible, are as real and as everlasting as the throne of God?

On February 14 James G. Blaine [Me.] supported the bill. He denied the statement of Senator Matthews that we had solicited the treaty with China, saying that it was that country which had done so. And the last clause of the treaty, which provided that immigration to either country should be voluntary, had been violated by the Six Companies, a Chinese commercial guild.

The Senator from Ohio asks what we should do if the other party to the treaty were Great Britain or Germany or France or any other power that was able to make war. I ask the honorable Senator what he would advise us to do if Great Britain or France or Germany should locate six commercial companies in New York, whose business it should be to bring hither to this country the worst class and the lowest class of the population of those three kingdoms?

SENATOR MATTHEWS.—Mr. President, I would say this, that instead of inaugurating an arbitrary and *ex parte* act of legislation on our own part, giving our own construction to the treaty and the conduct of the other party under it, I would, through the usual diplomatic representative of this country, make representations to that government making complaints of the alleged breach of the treaty, and ask what answer could be made to that; and only in the event of our receiving a contumacious refusal to obey the plain requisitions of the treaty obligation would I, as a last resort, repudiate our own obligations under the treaty.

SENATOR BLAINE.—Ah! but the Senator does not answer the question I asked him, what he would do in case they had themselves broken it, and we were the victims of the breach? He answers me that he would take hat in hand and bow politely before them, and ask them if they would not do better! What are we to do as a measure of self-defence when they have broken it,

and taken the initiative? I say that this country and this Senate would not hesitate to defy any European power.

The Burlingame treaty is peculiar; it relates to a commercial and personal connection of emigration and of trade, but it does not say that it shall last ten years or twenty years, or any other period. It is interminable in its provisions. It does not provide that we shall give notice in a certain way, or that they shall give notice in a certain way. There is no provision in the world by which you can terminate it unless you take the initiative, as is proposed now.

Somebody must necessarily take the initiative. The Senator from Ohio says he would go to the Emperor and make certain representations. Then I ask the honorable Senator: Suppose the Emperor should refuse, what would he do then? Suppose the Emperor should say "you have entered into a treaty with us for all time; its very terms show that there was to be no limit to it." Now I ask the honorable Senator from Ohio what he would do then? Suppose we are unanimously of opinion here that the treaty ought not to continue, what would the honorable Senator do in case the Emperor should say, "I desire to stand by that treaty"? What then?

SENATOR MATTHEWS.—I should take it into consideration. [Laughter.]

SENATOR BLAINE.—That is a very exact, executive way of doing things. [Laughter.] That is just about what I supposed.

The Senator read us a lesson upon the great obligations that rested upon us as a nation of honorable people, as if we were about to do something in the way of terminating a treaty which would give us a bad name and fame among the nations of the earth.

Now, in answer to the honorable Senator, I say this, that it has been the usual habit of nations, and is laid down in the very *principia* of the law of nations, that, when a people find a treaty that is "pernicious to the nation," the very words of Vattel, it may terminate it, and we took advantage of a French authority on a very memorable occasion. The treaty that we made with France in 1778, which was considered the origin of the strength that gave us success in the Revolution, contained this article:

> Neither of the two parties shall conclude either truce or peace with Great Britain without the formal consent of the other, first obtained.

And the French afterward said that the Americans, without giving them the slightest notice, "stealthily precipitated" a

peace and left them open either to war or negotiation, and when we were accused of it we turned to their own author and said this was an absolute and essential thing to the life of our people; we were compelled to do it and we did do it. Self-preservation is the first law of nations as well as of nature, and we used it.

Proceeding to the second branch of the subject, I lay down this principle, that so far as my vote is concerned I will not admit a man to immigration to this country that I am not willing to place on the basis of a citizen. We ought not to admit in this country of universal suffrage the immigration of a great people, great in numbers, whom we ourselves declare are utterly unfit to become citizens.

What do we say on that point? In the Senate of the United States on the 4th day of July, 1870, a patriotic day, we were amending the naturalization laws. We had made all the negroes of the United States voters practically; at least we had said they should not be deprived of suffrage by reason of race or color. We had admitted them all, and we then amended the naturalization laws so that the gentleman from Africa himself could become a citizen of the United States; and an immigrant from Africa to-morrow, from the coast of Guinea or Senegambia, can be naturalized and made an American citizen. Then Senator Trumbull moved to add:

> Or persons born in the Chinese Empire.

There was a vote of 31 against 9 in a Senate three-fourths Republican declaring that the Chinaman never ought to be made a citizen. I think that settles the whole question if that was a correct vote, because you cannot in our system of government as it is to-day, with safety to all, permit a large immigration of people who are not to be made citizens and take part in the Government. The Senator from California tells us that already the male adult Chinese in California are more numerous than the white voters. It seems to me that, if we adopt as a permanent policy the free immigration of those who by overwhelming votes in both branches of Congress we say shall forever remain political and social pariahs in a great free government, we have introduced an element that we cannot handle. You cannot stop where we are; you are compelled to do one of two things, either exclude the immigration of Chinese or include them in the great family of citizens.

The argument is often put forward that there is no particular danger of numbers coming here; that it is not a practical

question; and, as the honorable Senator from Ohio is free to answer, I ask him if the number should mount up into the millions what would be his view then?

SENATOR MATTHEWS.—I would say that, when there was a reasonable apprehension by the United States of the immigration mounting up to such numbers, then I would take that into consideration.

SENATOR BLAINE.—Take that into consideration! The Senator is definite. That is practical legislation! That is legislating for an evil upon us to-day! The Senator's statesmanship is certainly of a considerate kind.

Well, what about the question of numbers? Did it ever occur to my honorable friend from Ohio that the incalculable hordes in China are much nearer to the Pacific coast of the United States, in point of expense of reaching it, than the people of Kansas?

Ought we to exclude them? The question lies in my mind thus: either the Anglo-Saxon race will possess the Pacific slope or the Mongolians will possess it. You give them the start to-day, with the keen thrust of necessity behind them, and with the ease of transportation before them, with the inducements to come, while we are filling up the other portions of the continent, and it is entirely inevitable if not demonstrable that they will occupy that great space of country between the Sierras and the Pacific coast. They are themselves to-day establishing steamship lines; they are themselves to-day providing the means of transportation; and, when gentlemen say that we admit from all other countries, where do you find the slightest parallel? And in a republic especially, in any government that maintains itself, the unit of order and of administration is in the family. The immigrants that come to us from all portions of the British Isles, from Germany, from Sweden, from Norway, from Denmark, from France, from Spain, from Italy, come here with the idea of the family as much engraven on their minds and in their customs and in their habits as we have it. The Asiatic cannot go on with our population and make a homogeneous element. The idea of comparing European immigration with an immigration that has no regard to family, that does not recognize the relation of husband and wife, that does not observe the tie of parent and child, that does not have in the slightest degree the ennobling and the civilizing influences of the hearthstone and the fireside! Why when gentlemen talk loosely about emigration from European states as contrasted with that, they certainly are forgetting history and forgetting themselves.

My honorable colleague [Hannibal Hamlin] and the Senator from Wisconsin [Timothy O. Howe] voted that the Chinaman ought not to be a citizen of this country, voted that he ought not to become a voter in this country. My honorable friend says *sotto voce* that he did not vote that he never should; but you are like the honorable Senator from Ohio; you voted "no," and then proceeded to take the question "into consideration" [laughter], which you have been doing for ten years. When the question was up, whether the Chinaman should be a subject of naturalization, you said "no." I think that vote largely precipitated the trouble. I think the Chinaman in California, if he is to be forced upon us in great numbers, would be safer as a voter, dangerous as that would be, than as a political pariah.

SENATOR HOWE.—Why not apply that remedy?

SENATOR BLAINE.—I am talking about a choice of evils. That is not the remedy. You do not remedy one evil by putting in another evil. I want to remove both. That is no remedy at all. You only present me another evil. I am opposed to the Chinese coming here; I am opposed to making them citizens; I am opposed to making them voters.

HENRY L. DAWES [Mass.].—I should like to be certain about this matter of the naturalization of Chinamen. They naturalize Chinamen in my State.

MR. BLAINE.—The United States laws are directly in the teeth of that.

SENATOR SARGENT.—The United States circuit court in San Francisco, on a test case and in a very able opinion delivered by Judge Sawyer, held that under the laws of the United States Chinamen cannot be naturalized.[1]

[1] This case was "In re Ah Yup," 5 Sawyer, 155. The date of the decision was April 29, 1878.

Section 2169 United States Revised Statutes reads: "The provisions of this title (the naturalization act) shall apply to aliens being free white persons, and to aliens of African nativity and to persons of African descent."

In this case the Court said: "This being the *first application* made by a native Chinaman for naturalization, members of the bar were requested by the Court to make such suggestions as *amici curiae* as occurred to them upon either side of the question. Question: Is a person of the Mongolian race a 'white person' within the meaning of the statute?' The Court cites effort of Senator Sumner in Congress at time of passage of Amendment of the naturalization act, 1870, to strike out the word "white" from naturalization laws, and debate by Senator Morton and others as reported in *Congressional Globe*, pt. 6, 1869-70, p. 5122.

"It was clear Congress retained the word 'white' in naturalization laws for sole purpose of excluding Chinese from the right of naturalization . . . . .

SENATOR BLAINE.—I will repeat my question: Should we be justified sitting still here in the administration of this Government and permitting this treaty and the immigration which it allows to go forward until those three States should be overridden by that population?

SENATOR HAMLIN.—When the sky falls we shall catch larks. The statistics show that in the last thirty years the immigration hence from China has exceeded a little four thousand a year.

SENATOR BLAINE.—Still my honorable colleague is evading the question, not answering it.

SENATOR HAMLIN.—I am not going to evade it. I will come a little nearer my colleague than the Senator from Ohio; I will take it into consideration now. When the time shall come that I become satisfied that the population of China will overrun our country, and there shall be danger or imminent peril from that immigration, I will join with my colleague in abrogating all treaties with them. I will not meet the case by an attempt to abrogate a treaty upon a little point while we are the beneficiaries in the great and substantial points. I am indifferent to all the danger that shall come away down into the stillness of ages from the immigration of the Chinese. Treat them, I will not say like pagans, because Confucius would shame us if we go to his counsel—treat them like Christians, and they will become good American citizens. [Applause in the galleries.]

SENATOR BLAINE.—Still the wonder grows with me that if the aggregate immigration is so small and will remain so small, as my colleague states, he should still have thought that they ought not to be citizens, and could not be safely trusted with the elective franchise.

The Senator from Ohio [Mr. Matthews] made light of race trouble. I supposed if there was any part of the world where a man would not make light of race trouble it was here. I supposed if there was any people in the world that had a race trouble on hand it was ourselves. I supposed if the admonitions of our own history were anything to us we should regard the race trouble as the one thing to be dreaded and the one thing to be avoided. We are not through with it yet. It cost us a great many lives; it cost us a great many millions of treasure. Does any man feel that we are safely through with it now?

"I am therefore of the opinion that a native of China, of the Mongolian race, is not a white person within the meaning of the [said] act of Congress." . . . . "The petition must be denied, and it is so ordered."

Does any man here to-day assume that we have so entirely solved and satisfactorily settled on a permanent basis all the troubles growing out of the negro race trouble that we are prepared to invite another one? If so, he views history differently from myself. If any gentleman looking into the future of this country sees, for certain sections of it at least, peace and good order and absolute freedom from any trouble growing out of race, he sees with more sanguine eyes than mine. With this trouble upon us here, not by our fault, to deliberately sit down and invite another or permit another and far more serious trouble seems to be the very recklessness of statesmanship.

Treat them like Christians, my friend says, and yet I believe the Christian testimony from the Pacific coast is that the conversion of Chinese on that basis is a fearful failure; that the demoralization of the white is much more rapid by reason of the contact than the salvation of the Chinese race, and that up to this time there has been no progress whatever made. I think I heard the honorable Senator from California who sits on this side of the Chamber [Mr. Booth] say that there was not, as we understand it, in all the one hundred and twenty thousand Chinese, more or less (whether I state the number aright or not does not matter), there did not exist among the whole of them the relation of family. There is not a peasant's cottage inhabited by a Chinaman; there is not a hearth-stone, in the sense we understand it, of an American home, or an English home, or a German home, or a French home. There is not a domestic fireside in that sense, and yet you say that it is entirely safe to sit down here and permit that to grow up in our country. If it were a question of fifty years ago I admit with my colleague it would not be practicable. Means of communication, ease of access, cheapness of transportation have changed the issue and forced upon our attention a crisis in it. I undertake to believe at least that if the Congress of the United States should decide adversely, in effect confirming the treaty and the status of immigration as it now is, you cannot maintain law and order in California without the interposition of the military five years hence. Do I overstate that?

SENATOR SARGENT.—I am sorry to say that I think the Senator does not overstate it.

SENATOR BLAINE.—I do not justify the brutality of the treatment of those Chinese who are here; it is greatly to be regretted; it is greatly to be condemned, but you must deal with things as you find them. If you foresee a conflict upon that coast by reason of an immigration that calls for the interposition of the military, I think it is a good deal cheaper and more direct way to avoid the trouble by preventing the immigration.

I have heard a good deal about their cheap labor. I do not myself believe in cheap labor. I do not believe cheap labor should be an object of legislation, and it will not be in a republic. You cannot have the wealthy classes in a republic, where suffrage is universal, legislate for cheap labor. I undertake to repeat that. I say that you cannot have the wealthy classes in a republic where suffrage is universal legislate in what is called the interest of cheap labor. Labor should not be cheap and it should not be dear; it should have its share, and it will have its share. There is not a laborer on the Pacific coast to-day who does not feel wounded and grieved and crushed by the competition that comes from this source. Then the answer is, "Well, are not American laborers equal to Chinese laborers?" I answer that question by asking another. Were not free white laborers equal to African slaves in the South? When you tell me that the Chinaman driving out the free American laborer only proves the superiority of the Chinaman, I ask you, did the African slave labor driving out the free white labor from the South prove the superiority of slave labor? The conditions are not unlike; the parallel is not complete, and yet it is a parallel. It is servile labor; it is not free labor such as we intend to develop and encourage and build up in this country. It is labor that comes here under a mortgage. It is labor that comes here to subsist on what the American laborer cannot subsist on. You cannot work a man who must have beef and bread, and would prefer beer, alongside of a man who can live on rice. It cannot be done. In all such conflicts and in all such struggles the result is not to bring up the man who lives on rice to the beef and bread standard, but it is to bring down the beef and bread man to the rice standard. [Manifestations of applause in the galleries.] Slave labor degraded free labor; it took out its respectability; it put an odious caste upon it. It throttled the prosperity of a fine and fair portion of the United States, and a worse than slave labor will throttle and impair the prosperity of a still finer and fairer section of the United States. We can choose here to-day whether our legislation shall be in the interest of the American free laborer or for the servile laborer from China.

In conclusion, or, by summary, I maintain that this legislation is in the strictest accord with international obligation. We have given notice, and the Chinese Empire has itself violated

the treaty. Whether you take it on the one ground or the other, we are entirely justified in the legislation proposed. They have never lived for one month on their side by the terms of the treaty. A treaty, I repeat, which is interminable, so far as its own language is involved, when one party or the other desires it to be terminated, must be terminated by just such action as this bill proposes. That question out, the only one we have to regard is whether on the whole we will devote that interesting and important section of the United States to be the home and the refuge of our own people and our own blood, or whether we will continue to leave it open, not to the competition of other nations like ourselves, but to those who, degraded themselves, will inevitably degrade us. We have this day to choose whether we will have for the Pacific coast the civilization of Christ or the civilization of Confucius. [Applause in the galleries.]

On February 15 Hannibal Hamlin [Me.] opposed the bill.

We negotiated a treaty with a friendly and a foreign power. We, in connection with other governments, forced that treaty upon that power. We battered down a wall of commercial restriction that had surrounded the Chinese government in the long ages of the past, almost as restrictive as that Chinese wall that preserved that empire from the Tartar hordes of the North. We secured the right of trial by jury of our own citizens in that empire, which opened up a given number of ports which should be accessible for the commerce of our country, and we granted in return the immigration of Chinese subjects to our own country. Why, sir, who does not remember with what welcome, with what rejoicing that treaty was hailed upon the Pacific coast. To say that they honored it is hardly adequate. That they did homage to the men who negotiated it is nearer the truth. Now, it is affirmed that that treaty is injurious to our friends on that coast, and from its effects they desire to be relieved.

Mr. President, if there is wrong, if there are evils to be corrected, if there is that which demands the interference of the American Congress to correct an existing condition of things, I am as ready as any member upon this floor to apply the proper remedy. I am not willing, however, to apply that remedy of might which subverts the remedy of right. What is, then, the true statement of the case practically as it is presented

right here and now? Let us look at it as a practical question. We are asked to secure a modification of the treaty thus negotiated which allows an unlimited immigration from the Chinese Empire to this country. That is the precise question, and it is sought in direct contravention of the fifth article of the treaty to limit that immigration. Is it a desirable thing to do? I will not stop to consider that, but, conceding it to be a desirable thing to do, what is the mode in which it should be done? And that brings us directly to the division which we have here upon this question. I would proceed by the ordinary rules of negotiation; I would treat that empire as I would treat every civilized nation upon the earth, and I believe that there are few Senators on this floor who would be willing to treat a war-like power of Europe in the summary manner in which this bill proposes to treat the Empire of China. I would first make the distinct proposition to that empire to treat. On their failing to treat, after full and ample notice, I would say then that we might take the matter into our own consideration and apply the remedy which in our own judgment should be demanded.

What has been, Mr. President, the practice of our Government in matters very similar to this? Only a few years since, when the British government undertook to interpolate into the extradition treaty of 1842 words which should exonerate them from surrendering fugitives from this country to theirs, by insisting upon certain declarations on the part of our Government that the person claimed should not be tried for other offences than those for which the reclamation was demanded, we denied the right. What did Secretary Fish say? "The United States adheres to the position announced in my former instruction, that it will recognize no power to alter or attach conditions to an existing treaty without its previous consent," and he declares in the same dispatch the binding obligations of treaty provisions "upon all courts, both State and national," and, further, "while the treaty shall be in force the Government of the United States would be strangely forgetful of the dignity and rights of the country if a foreign state were permitted to exact stipulations or engagements pursuant to *her* law, but foreign to the treaty, as a condition of obtaining the performance of treaty stipulations."

Here is the proposition of our Government in a case parallel as nearly as may be with that which is presented to us for our consideration. I have stated that we have a power to abrogate a treaty. We may abrogate it in gross or we may

abrogate it upon an immaterial point, but we may not suppose for a single moment that if we seek to annul and abrogate a single clause in that treaty it will remain binding upon the part of the government of the other party that negotiated it with us. So, if we shall abrogate that article which allows the free immigration of Chinese into this country, it is an annulment and an abrogation of that treaty in all its parts if the Emperor of China shall so think fit to regard it.

It has been said that this treaty has been violated on the part of China; that she has passed no law in conformity with the sixth article of the treaty, regulating the free emigration of her citizens to this country. I have only to say that that is simply a declaration. We have had no evidence of it here, none whatever. We have not been advised whether China has or has not passed the laws or ordinance or edicts of the empire required within the provisions of the treaty. I may say, then, that this was a simple declaration, a simple assumption upon which the argument is raised that we are released from our obligations under the treaty because China has not fulfilled her obligations.

Mr. President, all these general assumptions are erroneous, and I feel that I am authorized to state here and now that the Emperor of China did issue immediately, or very soon after the treaty was promulgated, his edict to the viceroyalties of the empire, enjoining against any and all forcible transportation of Chinese people to any foreign country or government.

JOHN H. MITCHELL [Ore.].—Has it been enforced?

SENATOR HAMLIN.—I will go further, and the penalty was made death whenever the laws should be violated. Not only this; the emperor has in some cases issued his edicts against transportation with the consent of the emigrants, when learning that misrepresentations of promised advantages led to the transportation of his people where they were badly treated; notably one case was against the transportation to Peru with their consent.

I have looked very carefully at the revised statutes of the United States, and I fail to find the first word of any law that we have passed to meet that obligation upon us which it is alleged the Chinese government have not complied with. Then we are the party derelict, and not the Chinese government.

It is alleged next that, the Emperor of China having violated this provision, we are at liberty to apply any remedy which in our judgment we shall deem right, or in other words we are at liberty to apply the precise remedy named in this bill.

The emperor of China has done his duty more fully than we have done ours. He has complied with every term and letter of the articles of the treaty. We have not.

Now, is it expedient? and that brings me to the question, is it right? It has been said that we can maintain no very considerable population in our midst who have not the right of suffrage. I am very sorry to say that I am inclined to concur very much in that proposition, and when I do so it is a reflection on our own Government which I am indeed sorry to make. I regret that every man of every creed and of every clime may not come here, and, obedient to the law and obeying it in all its parts, may not receive its protection.

But we do know from the condition of things in a certain portion of the country that such is not the fact. We cannot wink it out of sight. In this connection was read a record from the *Congressional Globe* of certain Senators who had voted upon a certain question. I suppose if it had any pertinency it was to show their inconsistency on this question. And it is affirmed that said vote referred to is a declaration that Chinese in this country are never to be allowed the rights of naturalization. Allow me to say, it means no such thing, it proves no such thing. Let us see.

The amendment striking "white" from the naturalization laws was adopted, myself voting for it. Subsequently at another stage I voted against the amendment, as did those who had previously voted with me for it. And why? It was upon a bill regulating elections. Then we were told in consultation that with that amendment attached the bill must fail. There was a greater good to be accomplished than this one thing, and to accomplish the greater good there were those of us who were willing to change our position, and we did change it. I myself moved to reconsider the vote by which that amendment was adopted, stating in just so many words that my opinion had not changed, but as a matter of consultation the wisest thing to do, the best thing to do (and in that I was sustained by the best men of the body), was to pass the bill without that amendment. We came to the conclusion that then and there upon that bill was not the appropriate time or place to put that amendment, and for those considerations we voted to reconsider our action.

We have four million colored population that had come to us from a state of servitude, and it was a question wisely to be considered whether we would add then and at that same time another element and another class who were to be assimi-

lated to us, who were to be educated, who were to understand the rights, who were to learn the duties that belonged to American citizenship, and I thought we might postpone for a limited period when we would bring in the Chinaman and give to him the ballot. I know other Senators voted from the same considerations.

But, sir, I am a little inclined to think that I made a mistake in the vote to which attention has been drawn. I am a little inclined to think that if all the Chinamen in our land had the ballot in their hands to-day we should not have heard a word of this Chinese question here. I think that is a key to a solution of the whole question. I am willing to admit them to naturalization. I think all persons who come here to make their permanent home ought to participate in our Government, ought to be citizens, and ought to have the right of franchise conferred upon them. I voted for it once; I will vote for it again; and, I believe, Mr. President, that if you will treat these people upon the Pacific slope with common humanity they will assimilate, not, perhaps, as readily as other nationalities to our institutions, but within a reasonable time.

The Senator from California has drawn a graphic and a revolting picture of the social condition of some of these Chinamen, but there are other social evils still more revolting upon which the genius of my friend from California could give us pictures even more shocking than those he has already drawn. Nor is there a class of immigrants coming to us from any nationality among whom you cannot find men in whom you may discover in person, in morals, in all the attributes almost that belong to humanity, as much to revolt us as that which belongs to the lower orders of the Chinese.

I am not going to tire the patience of the Senate by a discussion of the labor question. I have very clear ideas about it. Very much of this talk against "cheap labor" would apply with equal force against every improvement in your machinery. They tell you the Chinese consume nothing and work cheap. Well, the lady's sewing-machine that she takes into her parlor and uses sometimes as a recreation and sometimes as a task supplants the necessity of the sewing-maid and thereby diminishes the compensation or the rate of wages of the sewing-maid. Your reapers that traverse the vast fields and savannas of California, all your labor-saving machinery, indirectly, not as directly, affect the laborer. But my opinion is that this is a thing temporary in its nature. Treat the incoming immigrant as he ought to be treated, give him the protection of law, and

make his home sacred to him, and my judgment is that it will require a very limited period of time in which to solve the whole problem. A man comes from a distant country where labor is lower than here; he does not adopt the lower scale of labor if he is skilled to occupy the higher grade, nor does it diminish the compensation of labor unless the supply is beyond the demand. But I insist that this labor in California of Chinese has advanced that State a century beyond where she would now be had she been deprived of it. What say the best men? Public opinion is divided; when you count numbers I concede it is largely against the Chinese population, but when you take the intelligent, the cool, the deliberate, and the Christian portion of that population, there is a very respectable minority in that State who tell you that the Chinese have built their railroads, have reclaimed their tule lands, and that uncounted millions of wealth have been added to that State which without the labor of the Chinese would not be in existence to-day. There are some of the best men in that State who tell us that they are a people observant of law, that they are cleanly in their habits, and that they are a desirable class of population as laborers. With all this diversity of opinion, I am not to be drawn into a minute discussion of the effect of the labor question there, because it can be but temporary.

There is another view of the question, Mr. President, broad and national, which addresses itself to the man of Maine, to the citizen of Louisiana, of Virginia, of Georgia, or of New York alike. It is the commercial aspect of this question in which we have an undivided and a common interest. We have a great deal said in these days about reviving the commerce of our country. There is here a great question of commercial intercourse, and it affects every State in this Union; it addresses itself to every man who would aid in bringing back the commerce of our country to what it was a few years since. Our importations and our exportations to China but a few years ago were limited to two or three millions of dollars. What are they to-day? Twenty-four million dollars. And of what do our exportations consist? A particular quality of the cotton goods of the North is finding an open market in China, and we exported to Hong Kong during the last year very considerably exceeding two and a half million dollars in value of that fabric. We sent from the port of San Francisco alone more than a million dollars' worth of breadstuffs, showing that by commercial intercourse we are inducing the Chinese to take our flour in place of their rice.

SENATOR EDMUNDS.—That flour is grown on the fields of California.

SENATOR HAMLIN.—And that flour is grown upon the Pacific coast, produced, more or less, by "Chinese cheap labor!"

Let me say here that Chinese labor averages more to-day than is paid to the laborer in my State. "Chinese cheap labor!" It is a canting cry, it is a cry addressed to the prejudices, not to the cool judgment of men. "Chinese cheap labor!" My colleague knows that I have been a manual laborer from my boyhood to this hour, and God knows that there can be no sympathy that man should possess that is not in my heart in favor of the productive labor of our country, but, while I am thus in favor of that labor, I will not violate a great and a fundamental principle of my Government. We will welcome within its borders the native of every clime and of every country, and be he pagan or be he Hottentot, be he of this or of that creed, let us receive him here within the arms of a Christian civilization, that civilization which we believe to be the best on earth, the civilization of Christ, and if we cannot overcome paganism or any other ism in all the broad earth when we send missionaries to convert them, if we cannot overcome their system of government, their system of prejudices or religion or the want of religion, then when that shall be demonstrated it will be time enough to tell me that they shall not come here, and when I see in the great productive industries of the country that this labor as a whole produces wealth that otherwise would not be produced, and that though an inequality exists it can be but brief in its existence, I have no fear of this talk about "cheap Chinese labor."

I see, Mr. President, a mighty country, an empire upon the Pacific; I look at its vast resources of soil, of forest, of mine, of water that rolls its way to its own vast ocean home unvexed by the utilizing hand of man. I want no vision to tell me what shall be that empire of commerce, of arts, and of agriculture that in the future shall arise upon that coast. I look beyond, and I see the mighty commerce that shall come from India to us if we are wise, if we do not do that which shall compel the Emperor of China to retaliate upon us and to make reprisals. Who believes that, if we to-day shall determine that but fifteen Chinamen shall come to this country in each vessel from the Empire of China, he will not say but fifteen barrels of that flour which goes in uncounted thousands from California shall be the limit that shall be taken upon any vessel that traverses the Pacific to China? Who does not believe that if

we place unnecessary and harassing restrictions upon the Chinese government, if we violate our plighted faith and national honor to them, they will not feel exonerated and retaliate upon us? Oh, I cannot bear to see a stop put to the untold millions of commerce that shall roll to our shores; I cannot bear to see that uncounted commerce that shall go from us to them interfered with. I can see how it shall stimulate the industries of our land, how it shall benefit the operative and the manufacturer alike, how it shall benefit the Government and the citizens, and I can see too how it may be obliterated or retarded or prevented.

We to-day who are against this bill are not against redressing every grievance that needs or rightfully demands redress. We have passed and rightfully passed legislation very strict against coolie immigration. It does not exist to-day. No Chinaman can come here to-day without the clear certificate of the consul of Hong Kong, and nine hundred and ninety-nine out of every thousand that come here have come from the British port of Hong Kong.

I shall vote against the measure, and I leave that vote the last legacy to my children that they may esteem it the brightest act of my life.

The Senate passed the bill by a vote of 39 to 27.

President Hayes vetoed the bill on March 1. He gave the following reasons for his action:

A denunciation of a treaty by any government is confessedly justifiable only upon some reason both of the highest justice and of the highest necessity. The action of Congress in the matter of the French treaties in 1798, if it be regarded as an abrogation by this nation of a subsisting treaty, strongly illustrates the character and degree of justification which were then thought suitable to such a proceeding. The preamble of the act recites that "the treaties concluded between the United States and France have been repeatedly violated on the part of the French government, and the just claims of the United States for reparation of the injuries so committed have been refused, and their attempts to negotiate an amicable adjustment of all complaints between the two nations have been repelled with indignity," and that "under authority of the French government there is yet pursued against the United States a system of predatory violence, infracting the said

treaties, and hostile to the rights of a free and independent nation."

The history of the Government shows no other instance of an abrogation of a treaty by Congress.

Instances have sometimes occurred where the ordinary legislation of Congress has, by its conflict with some treaty obligation of the Government toward a foreign power, taken effect as an infraction of the treaty, and been judicially declared to be operative to that result. But neither such legislation nor such judicial sanction of the same has been regarded as an abrogation, even for the moment, of the treaty. On the contrary, the treaty in such case still subsists between the Governments, and the casual infraction is repaired by appropriate satisfaction in maintenance of the treaty.

The bill before me does not enjoin upon the President the abrogation of the entire Burlingame treaty, much less of the principal treaty of which it is made the supplement. As the power of modifying an existing treaty, whether by adding or striking out provisions, is a part of the treaty-making power under the Constitution, its exercise is not competent for Congress, nor would the assent of China to this partial abrogation of the treaty make the action of Congress, in thus procuring an amendment of a treaty, a competent exercise of authority under the Constitution. The importance, however, of this special consideration seems superseded by the principle that a denunciation of a part of a treaty, not made by the terms of the treaty itself separable from the rest, is a denunciation of the whole treaty. As the other high contracting party has entered into no treaty obligations except such as include the part denounced, the denunciation by one party of the part necessarily liberates the other party from the whole treaty.

I am convinced that, whatever urgency might in any quarter or by any interest be supposed to require an instant suppression of further immigration from China, no reasons can require the immediate withdrawal of our treaty protection of the Chinese already in this country, and no circumstances can tolerate an exposure of our citizens in China, merchants or missionaries, to the consequences of so sudden an abrogation of their treaty protections. Fortunately, however, the actual recession in the flow of the emigration from China to the Pacific coast, shown by trustworthy statistics, relieves us from any apprehension that the treatment of the subject in the proper course of diplomatic negotiations will introduce any new features of discontent or disturbance among the communities directly affected. Were

such delay fraught with more inconveniences than have ever been suggested by the interests which are most earnest in promoting this legislation, I cannot but regard the summary disturbance of our existing treaties with China as greatly more inconvenient to much wider and more permanent interests of the country.

The vote in the House to pass the bill over the President's veto resulted: 110 yeas, 96 nays. James A. Garfield [O.] was one of those voting in the negative.[1] The requisite two-thirds majority not having been secured, the bill did not become a law.

WHAT MAY COME TO PASS

From a Cartoon in New York "Truth," during the Presidential Campaign of 1880

Early in the session of 1881-82 John F. Miller [Cal.] introduced in the Senate a bill "to execute certain treaty stipulations relating to Chinese." It was referred to the Committee on Foreign Relations, which, on January 26, 1882, reported a bill on the subject, with the following provisions:

1. That the immigration of Chinese laborers shall be suspended for twenty years.
2. That masters of vessels bringing such Chinese shall be fined not more than $500 for each Chinaman, and may be imprisoned not over one year.
3. That the act do not apply to Chinese formerly in this country, nor to Chinese in transit to foreign ports, nor to vessels making an American port in distress.
4. That Chinese leaving this country are to be readmitted upon certificates of residence here.
5. That Chinese entitled to enter this country under the Burlingame treaty and this act are to have passports and identification papers from the Chinese government.
6. That such Chinese shall be registered by the Treasury (Customs) Department.
7. That certificates of such registration shall be given to the Chinese registered.
8. That persons assisting in evasions or frauds connected with such registration shall be fined not over $1,000 and imprisoned not more than five years.
9. That shipmasters shall make manifests of Chinese immigrants in forms, and under penalties for infraction, provided in case of manifests of cargoes.
10-14. These sections related to details, penalties, etc., of preceding provisions.
15. That officers of Chinese government and their servants shall be exempt from the act.
16. That Chinese shall not be admitted to citizenship by State or United States courts.
17. "Laborers" to be construed as skilled and unskilled laborers and miners.

[1] For the part which Chinese exclusion played in Garfield's campaign for President, see Garfield, James A., in Index of Proper Names, Vol. XIV.

After a thorough discussion, in which the familiar arguments for and against Chinese immigration were repeated, and the question was debated of whether or not the act violated in letter and in spirit our treaty obligations with China, the bill was passed by the Senate on March 9, 1882, by a vote of 29 to 15. After a similar debate in the House it was there passed on March 23 by a vote of 167 to 66. It was vetoed by President Arthur on April 4 because it repudiated our treaty obligations with China.

The Senate voted on passing the bill over the veto upon April 5: yeas 29, nays 21. As the affirmative vote was less than the two-thirds required to pass the measure, the veto was sustained.

The bill was then amended so as to remove the objections of the President, was passed by the House and the Senate, and signed by him on May 6, 1882.

On January 7, 1884, Barclay Henley [Cal.] introduced in the House a bill amending this act. It was referred to the Committee on Foreign Affairs. The majority reported it, and on May 3 it came up for discussion before the Committee of the Whole.

William W. Rice [Mass.] presented the minority report of the committee, and moved to amend the proposed bill by striking out the words "subjects of China or any other foreign power." His motion was voted down *viva voce*. The bill was passed by a vote of 184 to 13. The Senate passed it on July 3 by a vote of 43 to 12, and it was approved by President Arthur on July 7, 1884.

On July 11, 1888, Joseph N. Dolph [Ore.], from the Committee on Foreign Relations, announced in the Senate that a bill committed to the committee, relating to the execution of certain treaty stipulations with China, was reported adversely, and in its place he reported favorably a bill to prohibit the coming of Chinese laborers to this country. The second bill came forward for discussion on July 20.

After considerable debate, in which the speakers attempted to make party capital out of former action upon the question of Chinese exclusion, and all declared them-

selves in favor of the present bill, this was passed on August 8.

Record of General Harrison on the Chinese Question

House of Representatives, August 18-20, 1888

On August 9 the House referred the bill to the Committee on Foreign Affairs, which reported it on August 18. The debate followed the same lines as that in the Senate. The Democratic speakers attempted to show, in particular, that Benjamin Harrison, the Republican candidate for President, had opposed the exclusion of Chinese laborers while a member of the Senate, referring to his vote against the bill for the suspension of Chinese immigration for twenty years, introduced in 1881 by Senator Miller [Cal.].

On this point William D. Bynum [Ind.] said:

In 1880 in the city of Indianapolis a number of Chinamen were induced by Republicans to declare their intentions of becoming citizens. Upon this declaration they were marched to the polls and voted the Republican ticket. That General Harrison was cognizant of the intentions of his party to vote these persons there can be no doubt. He was the candidate of his party for the United States Senate, active in politics, and the oaths were administered to them by his most intimate friend and loyal supporter. In addition to this it has been publicly charged in the Indianapolis *Sentinel*, and not denied by him, that during the agitation of this question he read a production before a literary club in that city advocating in strong terms the right of the Chinese to become citizens of the United States.

Why, Mr. Speaker, the Republican party had such a tender regard for the rights of the Chinese that it placed joss-sticks and joss-lights on the free-list while the Bible was made to bear a duty of 25 per cent. [Laughter and applause on Democratic side.]

I notice, however, that General Harrison and his friends offer another excuse for his position on this question. They say that he did not understand the question at the time, but that he has since learned all about it and is all right now. Of all the subterfuge that has been attempted this certainly is the shallowest. This question had engaged the serious attention of the American Congress, when he entered the Senate, for more than ten years.

It had agitated the minds of the people and especially the laboring classes for over twelve years. General Harrison's entire absence of association with and want of sympathy for the great masses of the people may have destroyed his intuition of this question, but, if he had never heard of the subject before he entered the Senate, he heard enough during the debate to have satisfied any person with one spark of sympathy for that class of our citizens who were compelled to earn their bread by the sweat of their brow. He may daily mount his platform during this campaign and declare "that the standard of American wages must be maintained," but I challenge any one to point out a single word or expression of sympathy by him for the wage-earners during this entire debate. From the beginning to the end he remained callous, heartless, and immovable to every appeal. [Applause.]

On August 20 Joseph McKenna [Cal.] replied to Mr. Bynum.

The attempt to make politics out of the Chinese question is ludicrous. It is ludicrous even in a Democratic Congress. [Laughter.] If there is any question that I had supposed was settled, that has passed from dispute to conviction, it is the Chinese question, and how thoroughly idle it is, how thoroughly nauseous it is to recur from the final and settled stages of a question to the first and disputable stages I need not emphasize. But, sir, it appears that the Democratic party is always doing this. It loves to delve among dead things, and is never so happy as when it is buzzing about a corpse. Why, sir, from the action of some of its members I should think that the only light that it cares to shine by is the light of decay and putrescence.

But I am surprised at the gentleman from Indiana. He has been an active member—his face to the front, and to the future. He has not heretofore appeared in the rôle of the antiquary or the grub. [Laughter.] This has been the office of the antique Congressmen who have been in so many Congresses that they have become fond of relics, and think the mummy of an issue better than a live issue.

But, Mr. Speaker, as the gentleman from Indiana has always been an active member and has always lived in the present, he ought to have known, and I have no doubt did know, that

in the rawness of the first stages of the question opposition is excusable. Afterwards it may be reprehensible; afterwards the important inquiry is not whether one was reluctant to begin, but how strong one is now. Not when one began, but how long has he held out and will he hold out.

Judas Iscariot commenced very early, but he quit as early. Saul of Tarsus commenced later, and preceded his commencement with bitterness and persecution, but his conversion was thorough and constant afterwards, and his teaching and example marched down the ages, and will march down the ages forever and forever. [Applause.]

And, Mr. Speaker, as I can recall the time and movements of his magnificent mission and the glorious eloquence of his addresses to the Ephesians and Corinthians, the eager, entranced multitudes that followed him and loved him, I can also recall some pitiful, piddling Democratic Gentile from an ancient Indiana snapping and snarling and frantically squealing, "Look at his record!" "Look at his record!" [Laughter and applause.]

Mr. Speaker, what would have been the destiny of Christianity if that ancient Indiana Democrat could have been heard? [Laughter.] Look at records! The Democratic party should be the last to recall records. No party has claimed so much or has received so much from the charity which forgets and forgives as has the Democratic party. If we are willing to let bygones be bygones, you should be. Gentlemen, turn from the past. Hail with us the light of the new issue. Its sun has full high advanced and is advancing. Do not avoid or deny it. In the language of another you may raise a smoldering smoke that may obscure it from your own eyes, but you can not strike it from the heavens. But I do not blame you. In its light there is no gladness for you or hope. To you it is the "sun of Austerlitz."

The Democratic party has threatened the industries of the country, and it stands appalled at the doom that awaits it from the indignant workingmen of the country. It is trying to deflect the blow to General Harrison by a conjuration of the Chinese question, but, Mr. Speaker, the attempt will not succeed. The object and purpose of it is too evident. Besides, the principles of that party, if consistently carried out, lead directly to Chinese immigration. I do not mean to say that Democrats are not sincere in their position, but I say if they were consistent under the declaration of their principles they would favor cheap Chinese labor. It is a natural deduction from the economic

doctrines they have announced. They declare that they are in favor of cheap goods. Why not be in favor of the cheap cause of cheap goods?

General Harrison opposes Chinese immigration. He has declared so, or he could not be the candidate of the Republican party at this time on its platform, because, sir, coincidently with clear declarations for the protective system is as clear a declaration for the absolute prohibition of Chinese immigration, and the declaration is consistent and just. The prohibition of Chinese immigration is the concretest form of protection to American labor. Under it all the evils of cheap foreign goods and cheap foreign labor are seen the distinctest and felt the bitterest. Through it and on account of it the country has been forced to the conviction that the time has at last come to consider, not to whom it can extend its civilization, but for whom it can preserve it; not to whom it may give liberty, but for whom it may lose liberty; not to whom it may give bread, but for whom it can save bread. These are the alternatives of free trade and protection, and from them, there is also forced this other consideration, that equality and freedom are not alone to be the radiance of the heights, heaven-kissed enough, of ease and wealth, but must illumine and adorn the slopes and levels where struggle is and where labor is, where the nation is and forever must be, and where grace and beauty and happiness must come to it if they come at all. And if they come at all they can only come and stay and grow from protection to American labor. The very essence of the protective system, the very essence of the principles of the Republican party, is exclusion to cheap goods and cheap men, and General Harrison is its chieftain, and will be its President. [Applause on the Republican side.]

Nelson Dingley [Me.] reinforced the last point of Mr. McKenna.

The logic of protection requires that it should be applied not only to the imported products of cheap labor, but also to imported labor under contract made abroad to work at foreign cheap wages. The sober, industrious, voluntary immigrant who comes here to improve his situation and become an American in every sense of the term, and who has entire freedom of choice after his arrival, demands and soon receives American wages, and their coming in such numbers as they are likely to voluntarily leave old homes will not reduce the wages of labor.

On the other hand, the logic of free trade in the products of foreign labor inevitably calls for free trade in imported labor, for, if the American producer is to be compelled to compete freely with the foreign producer, he must be given the privilege of getting his labor in the cheapest market. The latter is the correlative of the former, as Henry George has so clearly shown in an article pointing out that the Democratic leaders, in professing to desire to restrict the incoming of foreign labor, are simply convicting themselves of inconsistency. Every argument presented in the late tariff debate in favor of free trade, or removal of restrictions of importations, applies with equal force to the free importation of labor.

Indeed, the position taken by the gentleman from Indiana, and made the keystone of his argument by the gentleman from Texas [Roger Q. Mills], that our labor measured by results is the cheapest in the world, is as decisive an argument against restricting the importation of contract labor as it was claimed to be against restriction of importations of products.

It is evident, Mr. Speaker, that the appeal of gentlemen on the other side to the workingmen to vote to remove restrictions on the importation of the products of cheap labor, in order to punish a few men who, in defiance of law and largely because the Democratic Administration has not properly enforced the law, have imported cheap labor under contracts made abroad to work at foreign wages, is only a shrewd device of free-traders to obtain assistance in tearing down that system of protection which makes it possible to maintain more than 50 per cent. higher wages on the average in the United States than in Great Britain. Mr. Speaker, this transparent device will fail. [Prolonged applause on the Republican side.]

Benton McMillin [Tenn.].—My distinguished friend from Maine [Mr. Dingley] says that Henry George has written a very true and logical article on the subject of the importation of the products of labor and the importation of the labor itself, and he has just announced gravely to the House that the same logic which asks for bringing in the products of labor free would also require bringing in of the laborer free.

If my distinguished friend from Maine will give me his attention I will suggest to him that if his proposition be true the converse of the proposition would also be true, and the logic is just as sound that those who proclaim in favor of allowing the importation of free labor must also favor the importation free of the articles produced by labor. According to his own reasoning I propose to convict the gentleman of having been

a free-trader. Because, Mr. Speaker, as much as it will astound the House, when the question was up for consideration to restrict Chinese immigration in the past the gentleman from Maine on more than one occasion held the ground that it was wrong to do so and improper to keep out the Mongolian race, and voted to allow them to come in. [Applause on the Democratic side.]

Mr. Dingley.—I declined to vote for a bill that I believed was in contravention of an existing treaty. I have three times voted for the exclusion of the Chinese.

Mr. McMillin.—And the treaty remained the same all the time! How does the gentleman reconcile his logic? Why did he vote against the act restricting Chinese immigration at all?

Mr. Dingley.—The act itself will tell.

Mr. McMillin.—The gentleman has himself simply done what his candidate for the Presidency has done and is doing; he has heard from the people on that question. [Laughter and applause on the Democratic side.]

Mr. Dingley.—The act itself was so modified as to conform to the treaty, and in my judgment the objections were removed.

Mr. McMillin.—Now, I do not want this fought out on any improper line, nor shall it be if I can prevent it. We are to have the tariff fight fought over on this subject, it seems. The gentleman would have been deeply interested in getting up a tariff fight, or a chicken fight, or a bull fight, or any other fight that would obscure his own record from the public gaze. He was not content with voting it once, but he voted over and over again against bills to exclude Chinese for all time, and then voted against excluding them for even ten years! That is the consistency that has characterized him. If I am to be criticized and my party is to be hounded down, at least give us the delectable pleasure of being criticized and hounded down by those who have consistent records on the question themselves.

Joseph G. Cannon [Ill.] developed the suggestion of Mr. McKenna, saying that, in the days of the apostles,

"If misrepresentation and garbling the records of public men and of a great party had been a crime, as it was to keep money from the common treasury, and if the gentleman from Indiana had been there, Ananias would have had a surname, and it would have been Bynum." [Laughter.]

The bill was passed without division. It was approved by President Cleveland on September 18, 1888.

CHAPTER VI

Restriction of Immigration

Debate in Senate on House Bill Restricting Immigration: Varying Views by Henry Cabot Lodge [Mass.], George G. Vest [Mo.], William E. Chandler [N. H.], Gen. John M. Palmer [Ill.], George F. Hoar [Mass.], John T. Morgan [Ala.], Donelson Caffery [La.], Wilkinson Call [Fla.], Roger Q. Mills [Tex.]; Bill Is Amended and Passed; Conference Appointed; Its Report Adopted by House—Speech of Sen. Charles H. Gibson [Md.] in Opposition to the Amendment of Representative John B. Corliss [Mich.]; Senate Adopts Conference Report—President Vetoes Bill: His Reasons—House Repasses Bill; Senate Commits It.

ON December 9, 1896, a bill excluding illiterate immigrants over 14 years of age, which had been passed by the House during the previous session, was brought forward in the Senate by Henry Cabot Lodge [Mass.], from the Committee on Immigration, where it had been amended to ameliorate certain harsh cases of exclusion, such as that of an aged illiterate who is the parent or grandparent of an admissible immigrant, and to provide a specific and fair test for finding whether the immigrant could read and write in any language.

Exclusion of Illiterate Immigrants

Senate, December 10-17, 1896

On December 10 George G. Vest [Mo.] opposed the provision relative to illiteracy.

Mr. President, it seems to me that this provision ought to be confined to male immigrants. The Senator from Massachusetts [Mr. Lodge] in making the report from the committee gives as the basis for this legislation that the admission of illiterate immigrants debases our citizenship and degrades our labor. Now, there are a large number of young women over the age

of 14 years who come to the United States and who are engaged as domestics by the people of this country. Under the laws of the United States in regard to national suffrage they can not vote, and I take it that really at the bottom of this whole question is illiterate suffrage. I do not see how the workmanship or the labor of a man who can not read or write debases the labor or workmanship of anybody else. If he is an industrious, temperate, and honest workman, how does his employment degrade any other labor in this country?

We might just as well be frank with each other in discussing this question. The great objection to illiterate immigration is that it corrupts our suffrage and endangers the basis of our Government, which is the virtue and intelligence of the people. The last report of the Commissioner of Immigration shows that the number of women who come into this country as immigrants is very inconsiderable compared with the men who come as immigrants. It shows, for instance, that from Italy—and I take that as the country which figures most conspicuously in this whole question, because it is from Italy that there comes the most objectionable and the largest immigration—in 1895-1896 there came into the United States 49,980 male immigrants, and in the same year there came 16,465 women immigrants from the same country. The number of women is very inconsiderable, and their coming into this country can neither debase our citizenship nor degrade our labor. I can conceive of no reason except an arbitrary one why this provision should be extended to women.

Senator Lodge.—Mr. President, I trust that the amendment to insert the word "male" will not prevail. It would create division of families. Of course it is perfectly true, as the Senator from Missouri says, that the women do not affect the suffrage. I think they affect very largely the quality of citizenship in a somewhat broader way. But the point which seems to me to overrule all others in this consideration is the great body of the unemployed in this country. Every immigrant who comes into the country is some of the unemployed of other lands coming in here.

I will confess that I am very radical upon this question. I should be glad to see immigration stop until every man and woman seeking work in this country have employment. Women certainly work for low wages, and the lines of work for which they compete are overcrowded. I think that that which makes it desirable to exclude the male immigrant makes it just as desirable to exclude the female immigrant. The illiteracy test

is simply an effort to adopt a test which shall restrict immigration, lower the number of immigrants coming to this country, and do it by shutting out the most undesirable class. That all persons who can not read and write are undesirable no one will contend. No form of exclusion can be perfectly accurate, but it comes as near to it as any test.

Senator Lodge presented petitions in favor of the bill from a number of labor organizations.

Now, Mr. President, I have read these lists and resolutions simply to show the Senate that the demand from the people who feel in daily life this competition goes far beyond anything the pending bill proposes. The people gathered in our great cities without employment, who see a constant stream of the unemployed of other nations pouring in, know that that is one direct form of competition with them. They may differ as to other policies in other respects, as to the tariff and the currency questions, but there is no doubt that they are all united to-day in feeling that this unrestricted competition of the unemployed of other lands should be prevented. That it affects them, and affects them badly, no one can doubt. It is perfectly plain that if there are unemployed here and you pour in additional unemployed constantly, you add to the chance all the time that our own unemployed will remain as they are. That, to me, is the controlling reason for this legislation. That is why it makes no difference in my mind whether it be the competition with the labor of women or the competition with the labor of men. I think at this period we ought to do something to check it.

William E. Chandler [N. H.] replied to Senator Vest.

The Senator has assumed that the principal object in requiring that immigrants shall read and write their own language is in order that we may have intelligent voters in this Republic, and he assumes that that rule does not apply to women. I beg to call the Senator's attention to the fact that the cause of female suffrage is rapidly growing in this country, and that in the Western States at the recent election a vast number of votes of women was cast. Therefore, the distinction which the Senator is making, if it is a good one, is rapidly disappearing. If I were to have my choice as to requiring the absence of illiteracy from only one class, I would insist upon it that the women who come here, the girls of whom the Senator speaks,

shall be compelled to learn to read and write before they come, and would allow the male citizens to come without that qualification.

Mr. President, this is not a severe bill. I call the attention of the Senator from Missouri to the fact that it will not keep out anyone. Anybody can come who chooses, if he will only delay his coming until he learns to read and write his own language. It only requires persons of suitable age and physically capable to learn to read and write, and a man or a woman or a child who wants to come here can simply delay coming long enough to learn the rudiments of education. I ask the Senator from Missouri if that is a very severe qualification. It will not make a difference of over three months in the coming of any human being otherwise entitled to come. Why should not that be required of the females as well as of the males who come?

A man is not the tutor of his own children. It is the mother who teaches the children. The children of this country do not learn to read and write in the schools. They learn to read and write by the family fireside. And who is the teacher? The mother. Where is the greatest danger from illiteracy in the families of this country? Mr. President, it is in the illiteracy of the mother. If the father can read and write and the mother cannot the children will grow up in ignorance. But if the mother can read and write she teaches her children to read and write in the sanctity of her home. With this requirement as to the women who come here we may be sure that the little children who grow up in the families of the immigrants will learn to read and write, not because the laws of the country compel education, as the laws of many of the States do, but because through the pride and the love and affection of the alien mothers who come here their children will be taught the elements of education, which will make them good men and women, and which will make not the voters of this generation, perhaps, but the voters of the next generation, whether they be all males or whether they be males and females alike, intelligent and fit to exercise the suffrage in this Republic of ours.

On December 17 Senator Vest moved to advance the minimum age of exclusion to 16 years. John M. Palmer [Ill.] moved to advance it to 21 years. He said:

This bill as it now stands would present this remarkable state of facts, that the father himself being able to read and

write, as required by the bill, his children under 14 years of age might be admitted, but his children over 14 years of age and under 21, members of his family, for whose care and maintenance he would be responsible by the laws of all civilized countries, could not be admitted, and he would be compelled either to return with the whole family or he would be compelled to permit the return of his children between those ages to the country from which they came. In the family relation of a man of fair intelligence the nurture and parental care of the father over his children, in my judgment, would be worth more than mere literary training.

I believe, where young men have sufficient enterprise and energy to emigrate from foreign countries to the United States, the mere spirit of adventure which dictates that migration furnishes an evidence that they are themselves good citizens, bad citizens being excluded by our existing laws.

Senator Chandler.—Does the Senator realize that this bill is no hardship upon his own statement of the case, because it can only exclude the children of this father and mother and delay them for a period of time sufficient to enable them to educate those children?

Senator Palmer.—Mr. President, the remark of the Senator from New Hampshire goes upon the assumption that the father and mother have the means of educating their children and that they have the opportunity of doing so. It means that they will know what the laws of the United States are in that respect; it means an indefinite delay in the matter of emigration. My own observation is that emigration very often is the result of necessity or the result of an ambitious and earnest spirit and desire for the well-being of the emigrant. I can see no reason, assuming that the law is already in force which excludes improper persons, for a regulation like this, aside from its injustice.

I believe in the right of expatriation. I believe in the right of emigration. I believe that this world was made by the Almighty, and that these attempts at controlling the movements of good people are wrong. I admit the right of any government to exclude from its borders persons of bad character, persons addicted to crime, dangerous persons of all classes, but I want to say that I have no idea in the world that the class of persons whom it is really desirable to exclude from the country will be affected by this bill. I understand the dangerous classes more generally read and write than the classes which are not so dangerous.

George F. Hoar [Mass.].—I should like to observe that this is not really so important a matter as it seems, for it is almost never that you would find two parents, father and mother, both able to read and write and their children unable to do so.

Senator Vest's amendment was agreed to.

In view of the fact that refugees from Cuba were coming to the United States, Senator John T. Morgan [Ala.] offered an amendment admitting them without restriction.

He said in support of his amendment:

My amendment has reference to a particular provision of our treaty with Spain; thousands of immigrants are here, and none of them have been extradited, nor has any demand for their extradition been made. We know perfectly well that there are men here to-day who would be extradited to Spain or to Cuba for trial there for their lives for offences alleged to have been committed against the Spanish Crown if extradition were possible.

Now, why is it not possible? It is because the treaty provides that there shall be no extradition for a political offence.

Donelson Caffery [La.].—Is not the clause in the treaty with Spain that political offences are non-extraditable common to all treaties with foreign nations?

Senator Morgan.—As a general proposition, what the Senator from Louisiana says is true. There is no extradition for political offences, although treaties vary very much in their language as to the definition of political offences.

We had serious trouble in regard to a treaty with Russia on that account. In the treaty which we negotiated and concluded with Russia that question arose as to the actual murder of a member of the royal family. It was concluded that that was not a political offence; that it need not necessarily be a political offence. It might be done through the purpose of a single anarchist. So that, while the general rule of course is as stated, there may be exceptions to it.

I have no disposition to make any particular discrimination in favor of the Cubans as exhibiting my sympathy with those people. My sympathy for Cuba rests upon very much higher ground than that. This is not an amendment which smacks of Cuban sympathy any more than it does of sympathy for any

other oppressed people—the Armenians or any other. The right of expatriation is a right which we recognize distinctly. When a man expatriates himself for reasons which are satisfactory to him, whether dislike of his own government or a greater fondness for ours, or to escape some evil or peril in his own government, whatever his motive may be, our doors stand wide open to receive him upon the ground that he has a right to expatriate himself and apply his allegiance to this country.

SENATOR HOAR.—Does the Senator apply that principle to paupers and ignorant persons?

SENATOR MORGAN.—Paupers seem to have no rights except those which the public chooses to give them. They are excepted out of the general rules, because they are of no use in political circles. Paupers are considered as a peculiar condition of humanity that demands universal benevolence, and therefore, being thrown upon the pity of society, we say to the people abroad: "You must provide through your own charitable institutions for your own people needing charity." That is what we say when we send a pauper back. "You belong to a different beat, a different ward, a different jurisdiction. You are a charge upon the world, but you are a charge upon a particular part of it, because you happened to have been born there or live there, and you can not come and give us that guardianship by your own voluntary act."

They are excluded. They have no option in the matter. The criminal classes are excluded because they are dangerous to society. We exclude them upon the same grounds or very similar grounds to those upon which we exclude immoral publications and some species of deadly instrumentalities which are put under the ban. A criminal is considered as a man who has no right to the protection of any country at all in the choice of his domicile. He must stay in the country against which he committed the crime, and suffer his penalties there, and, if his own country has branded and stamped him as a criminal, then he has no appeal either to our mercy or to our sense of justice in welcoming him to this country.

I do not in my heart and mind and conscience place the illiterate upon the ground either of paupers or criminals. Illiteracy may be a misfortune, and is a misfortune in the general sense, although I have seen a great many people educated out of all ability to earn a living, out of all capacity for any usefulness in life. I have seen them educated in those arts and practices of crime which excel almost the imagination

of man as to their ingenuity and the persistence with which they are pursued. It is not to be said that education in letters is the reformer of the human heart. It is a higher power that reforms the human heart. It is the law of morality that does it. Politics does not do it. Education in the schools does not do it. It requires some power of regeneration that is stronger and better than either of those to take a bad man and make a good man out of him.

WILKINSON CALL [Fla.].—Mr. President, I shall vote for this bill with the amendment placed upon it by the Senator from Alabama allowing the Cubans to come into the country during the present disorder, but I can hardly see the justification of the principles upon which the bill is based. Intercourse with foreign nations is either desirable or undesirable. If all commercial intercourse by the coming or going of the inhabitants of different countries is to be entirely prohibited, we return to the condition of China. If it is to be limited intercourse between the persons of different populations and different countries, how is it to be limited? This bill proposes to limit it by the ability to read and write, adding to it the exclusion because of criminal conduct contained in the act of Congress of which this is to be an amendment. Is that a test? Is a country filled with people who can read and write of necessity a country capable of advancing the arts of civilization? Does the skilled laborer, the man of inventive genius, always have this qualification accompanied by the capacity to read and write?

That is not my observation of mankind. It is desirable that the country should teach every citizen to read and write. That it is a means of acquiring intelligence, that it expands thought, that it is a necessity for higher civilization is beyond doubt, but have we no need of the sturdy laborer in the intercontinental railroad between this country and South America, which is soon to be built? Do the great public works have no need of the sturdy hand and the strong limb and the muscle of the laborer who can not read and write? Is it true that we have in our country a dearth of necessary employment—I do not mean from transitory causes, but a permanent surplus of labor, more than the necessities of this Western Hemisphere demand? I doubt it, Mr. President. I question that when we consider the vast area of desert land, with the as yet uncultivated land areas not only in this country, but of the adjacent island of Cuba, capable of sustaining a population of 10,000,000 or 12,000,000, now only 1,500,000, which population will be supplied from this country,

because it will not be six months after the recognition by this country of the independence of Cuba shall be made before there will be 100,000 Americans there, and their places will need to be supplied. So of Mexico. The overflow of our population will go into Mexico, it will go into the Central American republics, and it is a grave question whether or not we should exclude the honest, the laborious, the capable laboring man of other countries who is not able to read and write.

In the treaty-making power we have the means of suspending all intercourse with foreign countries, or of opening or continuing immigration or prohibiting it.

It seems to me that this is a serious defect, and that it will be wiser to establish some system of treaty stipulation by which we can exclude objectionable people from our shores, rather than by an act of Congress, which provides a restriction including all the sturdy laborers who may come from other countries, however good their character may be.

The question of suffrage or how far aliens should be admitted to the rights of suffrage and citizenship is an entirely different question. Residence and commerce rest on different grounds from citizenship and a participation in the government of a country.

Intercourse, commerce, and the advantages of it, or the disadvantages, are one thing and the participation in the government of a country is a different thing, and the reasons which demand the one and prohibit the other are entirely distinct.

ROGER Q. MILLS [Tex.].—I do not believe that the ability to read and write constitutes the whole sum of what it takes to make a good average citizen of the United States. This is a change of the policy of our Government adopted at its very foundation. We are losing sight of a fundamental truth that was at the bottom of our Government when it was formed, that we were erecting on this continent a government which was to be set free and the home of a free people, that it was to be the asylum of the downtrodden and the oppressed of other countries. We admitted all to come to our shores except paupers and criminals. The pauper who could do nothing to support the Government or to help build up the society which sustained him had no right to put himself upon our society to become a charge. The criminal is a violator of law, and we have a natural right to exclude all such from coming to our shores. That has been the policy of our Government from its foundation until the present time. Now, sir, it seems that the civil-service idea has taken such a hold upon the American people that we are

extending it to the immigration of foreigners coming to this country; and we are, I imagine, to establish a civil-service commission to try these people so as to determine whether they can read and write, and whether they understand the Ten Commandments in the Bible or the ten commandments in the Constitution [the first ten amendments] which were referred to by the Senator from Alabama [Mr. Morgan].

I remember some years ago a distinguished citizen of the State of Ohio was telling me about some Irishmen who sought naturalization in one of the courts of Cincinnati. One of the judges told the leading Irishman who had his fellow countrymen in charge to take them out, to read to them the Constitution of the United States, to explain it to them, and see whether or not they understood it, and then to come back and report in court after he had performed this duty. He took them out and read the Constitution to them from beginning to end, and explained it to them, and brought them back into court. The judge said: "Pat, have you read the Constitution to them?" "Yes, sir." "Have you explained it to them?" "Yes, sir." "Do they understand it?" "Yes, your honor; they understand it and are delighted with it." [Laughter.]

I am opposed to making an educational test of citizenship for those who are coming to this country. I am willing to receive them if they are not paupers and criminals and give them an opportunity to be educated and become good citizens here. Some of the very best citizens we have in this country are men who have come to us from foreign countries. Our forefathers were foreigners; great numbers of them could not read and write; and yet they laid the foundation of the greatest republic of the earth.

This is a free country. We have hitherto invited the oppressed of the world to come and enjoy the blessings of liberty with ourselves, and now we say: "Because your government is a despotic government and has enslaved you and your children and it is impossible for you ever to educate them, you shall be proscribed from coming to this country and enjoying the blessings of free government."

This is the only really free country in the world. It is a peculiar government among the governments and nationalities of the world. This continent was dedicated to liberty when this Government was erected, to be the home of a free people, of a self-governing people, of a people who held their liberties in their own hands; and now we are told that the civil service must apply to the immigration of people coming from foreign coun-

tries, and a man or his children who cannot stand the test of a civil-service examination must be remanded back to despotism again because they have lived in a despotic government which cared not for them.

No, Mr. President, I am opposed to the educational test. The capacity to read and write is no evidence of virtue either in manhood or womanhood, and I have not a doubt but that the penitentiaries of every State in the Union are full of criminals who can read and write, and read and write well. I have not a doubt that the majority of the wretches whose necks have been broken on the gallows could read and write. The acquirement of the capacity to read and write does not dispel vice and wickedness from the heart. On the contrary, there are thousands and hundreds of thousands of good people in this country and in other countries who cannot read and write. I doubt very much if one in ten of the men or women who first came to this country could read and write; but yet see what a precious heritage they have created in this country and bequeathed to us.

These, sir, are the reasons which constrain me to vote against this bill, and to preserve and persevere and continue in the policy of our fathers to keep the test of pauperism and crime the only test to be applied to foreigners coming to enjoy this heritage of liberty with us.

Senator Morgan's amendment was agreed to by a vote of 47 to 6. The bill was passed by a vote of 52 to 10.

The House refused to concur in the Senate amendments, and a conference was appointed, which failed to come to an agreement. A second conference was appointed, which agreed virtually to the Senate amendments and added to the House bill the following provision known as the Corliss amendment from having been proposed by Representative John B. Corliss [Mich.]:

"Sec. 4. That it shall hereafter be unlawful for any male alien who has not in good faith made his declaration before the proper court of his intention to become a citizen of the United States to be employed on any public works of the United States, or to come regularly or habitually into the United States by land or water for the purpose of engaging in any mechanical trade or manual labor, for wages or salary, returning from time to time to a foreign country."

The report was adopted in the House by a vote of 217 to 36.

In the Senate, on February 17, Charles H. Gibson [Md.] vehemently opposed the Corliss amendment.

The immigration bill seeks, under what is known as the Corliss amendment—the fourth section—to make a crime of the privilege of going and coming when and where you please, in pursuance of that maxim of the civil law that you are permitted to use your own and to do as you please, so far as you interfere with no one else. A crime, Mr. President, is sought to be made out of the sacred right that belongs to individuals of earning their bread by the sweat of their brow.

Such legislation would bring dishonor and disgrace to us as a nation and blacken the fairest page of our country's history. The Corliss amendment, under the provision of the Senate bill, to which attention was called when it was first considered by the Senate in the speech of the distinguished Senator from Massachusetts, was intended to reach what he called birds of passage from Italy to the United States. Italians who came to this country and, under the system of labor by which higher wages were secured than elsewhere, had made a little money had gone home to spend it, and came back again the following season, going alternately backward and forward as they saw fit, were to be excluded under the Corliss feature, as the distinguished Senator from Massachusetts said. That feature of the Corliss amendment will not exclude Italian laborers alone. They are but few in this connection. They are not the "birds of passage" that are affected by the bill, but it is a class of citizens on our borders, in the States bordering on the Canadian and Mexican frontier, that are affected.

Senators Lodge and Chandler found themselves—

As the Philadelphia *Record* says—

unable to frame a statute to arrest railway engineers and firemen at the Canadian line and put native Americans in charge of the trains on this side of the border, and so they gave it up. But woe to the wight who should come over the line from Canada in the morning to work in Detroit, Toledo, Oswego, Plattsburg, or some other border town, and go back in the evening! The guilty wretch so offending habitually would be liable to punishment for misdemeanor by a fine of $500 or by imprisonment for a term not exceeding one year, or both.

What a rare jewel is consistency, Mr. President!

Massachusetts and slavery, the selling of slaves in the South and the horrors of separation of families and the "Fugitive Slave law"!

What iniquities more strongly denounced by Massachusetts than these? And yet to-day we have Massachusetts invoking in an immigration bill what it suited her purpose in times before to inveigh against.

The Fugitive Slave law, which was intended to further the carrying out of the Constitution with reference to the return of fugitive slaves in the South, is absolutely adopted in the conference report.

The Philadelphia *Record* proceeds to say—

We know of no legislation so despicable as this since the passage of the Fugitive Slave law. That law was designed to better enforce a provision of the Constitution requiring the delivery of fugitives from labor. But it was so mean and so atrocious in its premises, making crimes of acts innocent and humane in themselves, that the moral sense of the country revolted against it, and the Government was powerless to enforce it. This immigration bill attempts to make a crime out of the right of locomotion and of the equally sacred right of earning a living by the sweat of the brow. The Fugitive Slave law denounced heavy penalties against any person who, in obedience to the dictates of humanity, should give food to a fugitive or refuse to deliver him up to his owner. This immigration bill would subject to like fine and imprisonment any citizen of the United States who should employ a Canadian or Mexican crossing the border to and fro in pursuit of his daily vocation.

Meaner than the Fugitive Slave law this bill would violate the simplest rites of hospitality and the observance of good neighborhood.

Mr. President, I should like to ask the distinguished Senators composing the conference committee on the part of the Senate what earthly meaning, what earthly connection in the sense that it is germane, section 4 of this conference report has to the illiteracy test which is intended to be submitted to the immigrant?

It was an educational test which the Senate directed the conferees to report upon. It was an educational to which the immigrant was to be subjected. You have done all that after repeated endeavors, and now, when the alien is "capable and qualified," you want to starve him to death!

Undemocratic, anti-American, cruel, such legislation! "What a shameful step in the nation's downward progress." Even if it does put a check upon the immediate immigration of "undesirable immigrants from southern Europe"; even if it does keep "out these birds of passage" across our Canadian

and Mexican border, it brings a blush to the cheek of every American who has heretofore rejoiced that—

His country's
Free latch-string never was drawn in
Against the poorest child of Adam's kin;

and who is humiliated to reflect that the United States is no longer—

She of the open soul and open door,
With room about her hearth for all mankind.

The alien who comes across the border in violation of this edict, and the citizen who gives him shelter, under circumstances where the good Samaritan might have bound up his wounds and given him meat and drink when he had fallen among thieves by the wayside, is to be punished under this law by imprisonment and a fine of $500 in the discretion of the courts of the United States. Find me in any of the provisions of the Fugitive Slave law, so vehemently inveighed against by that proud Commonwealth of Massachusetts, any language which presents features so repulsive to the sense of the American citizen and the American people as is proposed by this conference report, denying the alien upon whom the storm may beat the right to a roof over his head, denying a crust of bread to him who has appealed for relief, and subjecting those who furnish it to fine and imprisonment.

The Senate concurred in the conference report by a vote of 34 to 31.

The President vetoed the bill on March 2, 1897. He submitted the following reasons for his action:

A Radical Departure from Our National Policy

President Cleveland's Veto of the Immigration Bill

A radical departure from our national policy relating to immigration is here presented. Heretofore we have welcomed all who came to us from other lands, except those whose moral or physical condition or history threatened danger to our national welfare and safety. Relying upon the zealous watchfulness of our people to prevent injury to our political and social fabric, we have encouraged those coming from foreign countries

to cast their lot with us and join in the development of our vast domain, securing in return a share in the blessings of American citizenship.

A century's stupendous growth, largely due to the assimilation and thrift of millions of sturdy and patriotic adopted citizens, attests the success of this generous and free-handed policy which, while guarding the people's interests, exacts from our immigrants only physical and moral soundness and a willingness and ability to work.

A contemplation of the grand results of this policy cannot fail to arouse a sentiment in its defence, for, however it might have been regarded as an original proposition and viewed as an experiment, its accomplishments are such that if it is to be uprooted at this late day its disadvantages should be plainly apparent and the substitute adopted should be just and adequate, free from uncertainties and guarded against difficult or oppressive administration.

It is not claimed, I believe, that the time has come for the further restriction of immigration on the ground that an excess of population overcrowds our land.

It is said, however, that the quality of recent immigration is undesirable. The time is quite within recent memory when the same thing was said of immigrants who with their descendants are now numbered among our best citizens.

It is said that too many immigrants settle in our cities, thus dangerously increasing their idle and vicious population. This is certainly a disadvantage. It cannot be shown, however, that it affects all our cities nor that it is permanent; nor does it appear that this condition where it exists demands as its remedy the reversal of our present immigration policy.

The claim is also made that the influx of foreign laborers deprives of the opportunity to work those who are better entitled than they to the privilege of earning their livelihood by daily toil.

An unfortunate condition is certainly presented when any persons who are willing to labor are unemployed. But, so far as this condition now exists among our people, it must be conceded to be a result of phenomenal business depression and the stagnation of all enterprises in which labor is a factor. With the advent of settled and wholesome financial and economic governmental policies and consequent encouragement to the activity of capital, the misfortunes of unemployed labor should, to a great extent at least, be remedied. If it continues its natural consequences must be to check the further immigration to

our cities of foreign laborers and to deplete the ranks of those already there. In the meantime those most willing and best entitled ought to be able to secure the advantages of such work as there is to do.

It is proposed by the bill under consideration to meet the alleged difficulties of the situation by establishing an educational test, by which the right of a foreigner to make his home with us shall be determined. Its general scheme is to prohibit from admission to our country all immigrants "physically capable and over 16 years of age who cannot read and write the English language or some other language"; and it is provided that this test shall be applied by requiring immigrants seeking admission to read and afterward to write not less than twenty nor more than twenty-five words of the Constitution of the United States in some language, and that any immigrant failing in this shall not be admitted, but shall be returned to the country from whence he came at the expense of the steamship or railroad company which brought him.

The best reason that could be given for this radical restriction of immigration is the necessity of protecting our population against degeneration and saving our national peace and quiet from imported turbulence and disorder.

I cannot believe that we would be protected against these evils by limiting immigration to those who can read and write in any language twenty-five words of our Constitution. In my opinion it is infinitely more safe to admit a hundred thousand immigrants who, though unable to read and write, seek among us only a home and opportunity to work than to admit one of those unruly agitators and enemies of governmental control who can not only read and write, but delights in arousing by inflammatory speech the illiterate and peacefully inclined to discontent and tumult. Violence and disorder do not originate with illiterate laborers. They are rather the victims of the educated agitator. The ability to read and write, as required in this bill, in and of itself, affords, in my opinion, a misleading test of contented industry and supplies unsatisfactory evidence of desirable citizenship or a proper apprehension of the benefits of our institutions. If any particular element of our illiterate immigration is to be feared for other causes than illiteracy, these causes should be dealt with directly, instead of making illiteracy the pretext for exclusion to the detriment of other illiterate immigrants against whom the real cause of complaint cannot be alleged.

The provisions intended to rid that part of the proposed

legislation already referred to from obvious hardship appear to me to be indefinite and inadequate.

A parent, grandparent, wife, or minor child of a qualified immigrant, though unable to read and write, may accompany the immigrant or be sent for to join his family, provided the immigrant is capable of supporting such relative. These exceptions to the general rule of exclusion contained in the bill were made to prevent the separation of families; and yet neither brothers nor sisters are provided for. In order that relatives who are provided for may be reunited, those still in foreign lands must be sent for to join the immigrant here. What formality is necessary to constitute this prerequisite, and how are the facts of relationship and that the relative is sent for to be established? Are the illiterate relatives of immigrants who have come here under prior laws entitled to the advantage of these exceptions? A husband who can read and write and who determines to abandon his illiterate wife abroad will find here under this law an absolutely safe retreat. The illiterate relatives mentioned must not only be sent for, but such immigrant must be capable of supporting them when they arrive. This requirement proceeds upon the assumption that the foreign relatives coming here are in every case by reason of poverty liable to become a public charge unless the immigrant is capable of their support. The contrary is very often true. And yet, if unable to read and write, though quite able and willing to support themselves and their relatives here besides, they could not be admitted under the provisions of this bill if the immigrant was impoverished, though the aid of his fortunate but illiterate relative might be the means of saving him from pauperism.

The fourth section of this bill provides "that it shall be unlawful for any male alien who has not in good faith made his declaration before the proper court of his intention to become a citizen of the United States to be employed on any public works of the United States, or to come regularly or habitually into the United States by land or water for the purpose of engaging in any mechanical trade or manual labor for wages or salary, returning from time to time to a foreign country." The fifth section provides "that it shall be unlawful for any person, partnership, company, or corporation knowingly to employ any alien coming into the United States in violation of the next preceding section of this act."

The prohibition against the employment of aliens upon any public works of the United States is in line with other legislation of a like character. It is quite a different thing, however,

to declare it a crime for an alien to come regularly and habitually into the United States for the purpose of obtaining work from private parties, if such alien returns from time to time to a foreign country, and to constitute any employment of such alien a criminal offence.

When we consider these provisions of the bill in connection with our long northern frontier and the boundaries of our States and Territories, often but an imaginary line separating them from the British Dominions, and recall the friendly intercourse between the people who are neighbors on either side, the provisions of this bill affecting them must be regarded as illiberal, narrow, and un-American.

The residents of these States and Territories have separate and especial interests which in many cases make an interchange of labor between their people and their alien neighbors most important, frequently with the advantage largely in favor of our citizens. This suggests the inexpediency of Federal interference with these conditions when not necessary to the correction of a substantial evil affecting the general welfare. Such unfriendly legislation as is proposed could hardly fail to provoke retaliatory measures to the injury of many of our citizens who now find employment on adjoining foreign soil.

The uncertainty of construction to which the language of these provisions is subject is a serious objection to a statute which describes a crime. An important element in the offence sought to be created by these sections is the coming "regularly or habitually into the United States." These words are impossible of definite and certain construction. The same may be said of the equally important words "returning from time to time to a foreign country."

A careful examination of this bill has convinced me that for the reasons given and others not specifically stated its provisions are unnecessarily harsh and oppressive, and that its defects in construction would cause vexation and its operation would result in harm to our citizens.

On March 3 the House passed the bill over the President's veto by a vote of 197 to 37 (more than two-thirds).

The Senate referred the bill to the Committee on Immigration, and it did not become a law.

CHAPTER VII

Child Labor

President Roosevelt's Message on "Labor of Women and Children"—Bills Introduced on the Subject in the Senate by Albert J. Beveridge [Ind.], Henry Cabot Lodge [Mass.], and F. M. Simmons [N. C.], and in the House by Herbert Parsons [N. Y.]—The Senate Committee on the District of Columbia Reports the House Bill Prohibiting Child Labor in the District—Debate: In Favor, Jonathan P. Dolliver [Ia.], Sen. Lodge; Opposed, Nathan B. Scott [W. Va.], Joseph B. Foraker [O.], Redfield Proctor [Vt.], Samuel H. Piles [Wash.]; Sen. Beveridge Moves to Amend the Bill by Prohibiting Interstate Commerce in Child-Labor Products: Varying Views by Sen. Beveridge, Augustus O. Bacon [Ga.], Benjamin R. Tillman [S. C.], Jacob H. Gallinger [N. H.], Edward W. Carmack [Tenn.], John C. Spooner [Wis.], Charles W. Fulton [Ore.], Nelson W. Aldrich [R. I.]; Bill Is Supplanted by One Introduced by Sen. Gallinger, Which Is Amended by the House and Enacted—Edward L. Taylor [O.] Reports in the House from the District of Columbia Committee a Senate Bill to Incorporate National Child Labor Committee; It Is Opposed by Finis J. Garrett [Tenn.]; Enacted—Bill Is Enacted to Investigate Condition of Women and Child Laborers.

IN his annual message of December 4, 1906, President Roosevelt spoke as follows on the subject of labor of women and children:

The Congress at its last session wisely provided for a truant court for the District of Columbia; a marked step in advance on the path of properly caring for the children. Let me again urge that the Congress provide for a thorough investigation of the conditions of child labor and of the labor of women in the United States. More and more our people are growing to recognize the fact that the questions which are not merely of industrial but of social importance outweigh all others; and these two questions most emphatically come in the category of those which affect in the most far-reaching way the home life of the nation. The horrors incident to the employment of young children in factories or at work anywhere are a blot on our civilization. It is true that each State must ultimately settle the question in its own way; but a thorough official investigation of the matter, with the results published broadcast, would greatly help toward arousing the public conscience and securing unity of State action in the matter. There is, however, one law on the subject which should be enacted immediately, because there is no need for an investigation in reference thereto, and the failure to enact it is discreditable to the national Government. A drastic and thoroughgoing child-labor law should be enacted for the District of Columbia and the Territories.

In response to the President's recommendations in regard to child labor, a number of bills and resolutions on the subject were introduced in the Senate and the House during the session.

On December 5, 1906, Albert J. Beveridge [Ind.] introduced in the Senate a bill to prevent the employment of children in factories and mines. It was referred to the Committee on Education and Labor.

On the same day Henry Cabot Lodge [Mass.] introduced in the Senate a bill to prohibit the employment of children in the manufacture or production of articles intended for interstate commerce. It was referred to the same committee.

On December 6 Herbert Parsons [N. Y.] introduced in the House a bill to prevent the employment of children in factories and mines. It was referred to the Committee on Interstate and Foreign Commerce.

On December 10, 1906, the Senate took up a bill which had been passed by the House during the previous session to prohibit child labor in the District of Columbia. The Committee on Education and Labor reported the bill with slight amendments. The committee said:

This bill is based upon a broad consideration of the social welfare of the community. It is modeled upon the State legislation which has proved most efficient and passed the scrutiny of the courts. It involves both a labor question and a problem of public morality. The intrusion of young children into breadwinning occupations is an injustice to the army of workers who are charged with the support of families. It is also an injustice to those whose taxes maintain the public school system. A community which expends the vast sum required for the main-

tenance of the public schools of Washington has a right to require that children of school age give their attention to the studies which fit them for a useful life. Night schools for children who ought to be at home in bed are a barbarism, unfit for the countenance of the capital of the United States.

More important, however, than the labor question and the school question involved in the employment of children for wages is the question of the moral ruin of hundreds and thousands of boys and girls who, in proper surroundings, might grow up into useful members of society. What effect upon the children themselves does this untimely bearing of the burdens of life have? Dr. Henry J. Harris, secretary of the citizens' child labor committee of the District of Columbia, stated before your committee that in the last three months 300 children less than 16 years of age have graduated in this city from the care of employers to the guardianship of the criminal courts. Such a condition is intolerable anywhere, and least of all in the District of Columbia, where Congress is sole legislative authority:

Child Labor in the District of Columbia

Senate, December 10, 1906

Nathan B. Scott [W. Va.] opposed the bill.

Mr. President, in anything that I may say in opposition to this bill I do not want to have it construed that I am opposed to the education of the children of this country. Many boys, one of whom I happened to have been, have had to make their living long before 16 years of age, and many a boy has had to support his aged mother and, perhaps, younger children. Many a boy has to receive an education at a night school.

Mr. President, as I understand the pending bill and its operation, you are going to compel boys to desist from labor. You are going to place them in a position where they will not be allowed to earn anything for the support of themselves or their families. You propose to say that they shall go to school.

I think if gentlemen will take the trouble to investigate they will find that at the present time the schools in this city are in no condition to take into the lower grades the boys and girls who are classed in this bill as being compelled to attend school. Many of the grades in many of the schools are so full now that children are not able to attend even half a day, and they are compelled to remain at home.

You may talk about the morals of the boys and girls under 16 being ruined. I ask the Senator from Idaho what possible legislation could be passed that would lead, I might say, to more direct immorality on the part of the girls and boys than being compelled by this law to remain idle and yet unable to attend school?

I say, Mr. President, that this bill, ironclad as it is, compelling children to remain idle, would do them the greatest injustice this Senate could possibly inflict. What will become of our pages here in front of you? You could not employ a boy as a page. You will have to get pages over 16 years of age in the Senate chamber. These boys are earning something for their mothers and fathers, perhaps, and at the same time they are acquiring an education in a way. You would debar them.

Jonathan P. Dolliver [Ia.].—I desire to call the attention of the Senator from West Virginia to the fact that the bill is so amended as to be no longer applicable to the pages.

Senator Scott.—I would ask the Senator, why except these youths?

Senator Dolliver.—The advantages that are derived from our society are supposed to reimburse them.

Senator Scott.—Mr. President, there is a good deal of reform, moral preaching on honesty, and so forth, that appears to be abroad in the land. A gentleman by the name of Edwin Markham, writing a magazine article not long ago, said that he had visited the glasshouses and had seen children—boys and girls—with emaciated forms, with their eyes, as it were, protruding from their sockets, all due to overwork. He spoke of their little bodies being blistered by the hot furnaces, and a lot more of that kind of magazine stuff, for it is nothing but stuff.

I have been engaged in the manufacture of glass for thirty-five years and over, Mr. President, and if Mr. Markham had come to my factory to see the boys employed there he would have found an entirely different class from those he has described. He would have found an active, energetic set, ready to play leapfrog, catch, and hide and seek, and everything else; and in addition he would have found them singing songs in the factory, the latest production of some comic opera.

I am under the impression that he was not in a glass factory at all. If he was, he misrepresented the conditions prevailing there. The glasshouse boy of to-day becomes the glass manufacturer of to-morrow. There is scarcely a manufacturer of glass in the city of Pittsburgh, or in the Ohio Valley, so far as my knowledge goes—and I know the majority of them—who did

not commence to learn his trade, as it were, starting from what we call "warming-in boys," "sticking-up" and "carrying-in" boys. They were boys who saved their money; boys who learned their trade well, and in the course of a few years became manufacturers.

If gentlemen are so anxious to have this bill become a law, I ask them to wait until we can provide the facilities in our schools for taking care of the boys and girls who will be thrown idle upon the streets by its passage. I am not opposed, as I said at the beginning of my remarks, to the education of the youth of the land. But I am opposed to the bill as it now stands. I will gladly vote for it if it is amended as proposed by the Senator from Washington [Samuel H. Piles]. With this amendment it would read, "who is not wholly dependent upon his own labor or who is not the sole support of a disabled father, or a widowed mother, or of a younger brother or sisters."

Henry Cabot Lodge [Mass.].—Mr. President, the Senator from West Virginia [Mr. Scott] seems to me to prove too much. He argues that it would be a hardship to compel children to go to school because they might be used to support their families and themselves. If that is true, and that argument is sound, there ought to be no child-labor law on any statute book, and we should leave children unrestrained to earn their living and go without education.

There is nothing new, Mr. President, in these efforts to protect children. The laws limiting the hours of labor for women and children are of an old date in England, and go back to their factory acts passed in the forties and the fifties. Those factory acts or similar acts were brought forward in the early fifties in my State by my late colleague, Mr. Hoar. It is generally recognized in all civilized communities that there should be proper legislation protecting the children of the community, boys and girls who are growing up, and giving them that education on which, according to our American belief, the safety of the country and of the State rests.

While I want the children to have all the education the State can give them, I want them also to have all the chance that is possible to develop soundly and well physically. I believe that the Massachusetts plan is the sound way to treat the question—to exclude the child from the factory, the workshop, and the mines at any time of the day until he or she is 14 years of age; and after that, if they have a school certificate that they have been to school, then they can get employment. But up to that time I would exclude them absolutely. As to other employments

out of doors, healthful employments in places which keep the children about and moving and out in the open air, I would give the same relaxation that the Massachusetts laws give. I would allow them to pursue those callings in the hours when the schools are not in session. I think it is the soundest policy, not only economically, but in the interest of humanity and of the future of the voters and citizens of the United States to have legislation of that kind.

Senator Dolliver.—It is obvious that the Government of the United States is face to face with a universal discussion of the child-labor question. There are good people, and wise people, too, who believe that the most important question now pending at the bar of American public opinion is the rescue of these children, in number amounting, it may be, to millions, from the heavy burdens and hardships of life in their tender years, that they may be left in the schoolhouses where they belong in the daytime and in their beds at night under the protection of their fathers and mothers.

Now, the District of Columbia is a favored spot on the map of this country. It constitutes a model for the States of the Union throughout the breadth of our national domain. It appears to me a strange negligence of Congress, which has the sole authority here, that not a line has been put upon the statute books of the United States in keeping with the philanthropic spirit of our States in respect to the employment of child labor in the District.

This proposed bill intends to correct that oversight.

I confess to you, Mr. President, that, when it was stated before our committee in cold blood that practically half of the children employed in the District under 14 years of age in the course of a single year make their way through the police court to the reform school, it filled my heart with a good deal of sadness and anxiety for the future of the District of Columbia. That state of things ought to be corrected, and it ought to be done now. It is not a sound public policy to maintain a system of public schools as costly as we have here in the District of Columbia and then send our children to night schools. Children who work in the daytime, according to the testimony of all teachers, cannot study at night in any proper sense of the word. The body is weary, the energies are overtaxed, and study at night schools is an addition to the burdens of these struggling young lives that ought to be avoided.

I have as much sympathy as anybody has with the gospel of hard work. I believe that the work which men do in this

world is their salvation, physically, intellectually, and morally. I shall not say a word here to disparage that. And yet there is in the good providence of God a little respite from labor given to the very young and to the very old. It is given to the young in order that they may mature their bodies and train their minds to the labors of life, and that little respite we ought not to deny to the children who live under the shadow of the dome of the Capitol of the United States.

Joseph B. Foraker [O.].—Does the testimony show how many of those about whom this testimony was given, who made a failure of life, so to speak, and drifted into the criminal court, would have drifted there anyhow if they had not been employed? That is to say, was it the employment that led to it? I do not think that result would follow employment in a dry goods store as a cash boy. In any employment of that kind it never occurred to me that there was any danger of a boy being destroyed there—not half as much as if he were out in an alley playing marbles for keeps with some other boy.

Redfield Proctor [Vt.].—I myself, like the Senator from Ohio, am a believer in the saving ordinance of work, and I know a great many boys who, I think, have been saved from harm by work, even at a comparatively early age. I believe many more are saved than are harmed, and in this city especially. It is one where there is a great official population, and there is employment for many boys as messengers, servants, etc. There are many families who I know would suffer seriously if this employment was cut off. If it is a question between the family starving and the child going to school, and at the same time having a chance to work outside in some decent employment, I should say give the child a chance to work.

Senator Piles.—I wish to say that I am in favor of a law which will prevent children from becoming public messengers, from working in mines, factories, and all other places deleterious to physical and intellectual development; also in all places which have a tendency to degrade or reduce the moral tone of the children of the country. But I believe, Mr. President, that every boy should have the right to fight his way in the world and an opportunity to make a name for himself in all employments which are not harmful to his physical, mental, and moral development; and when a boy to that end desires to engage in any such employment I do not think he should be restrained by law from so doing and forced to accept public charity in order to attend the public schools. You need not, Mr. President, worry about a boy with the spirit of success in him, for he will

find both the way and the means to acquire an education which will be of real and lasting benefit to him and the country in which he lives.

Senator Dolliver.—I am, of course, impressed by what the Senator has said and by what is said by men of such practical wisdom in this world as the Senator from West Virginia [Mr. Scott] and the Senator from Vermont [Mr. Proctor], and I probably would be entirely persuaded by what they say if I did not find the same arguments as to child labor scattered freely through the entire controversy from the beginning of the agitation more than half a century ago.

There could be no more serious weakening of this proposed law than to amend it in such a way as to allow people to permit their children to work when they are under the pressure of poverty and necessity. It does seem a little hard to let them starve when they might be saved by the labor of a child, but that same hardship appears in the enforcement of our health laws and in the enforcement of many of the schemes that society has adopted for its own preservation.

I was so impressed by the argument that families living in poverty might be saved from distress, at least, by the labor of little children that I asked the good people who appeared before the Committee on Education and Labor how stood that case in the District of Columbia, and those who were familiar with the work of the Board of Charities in this District, being before our committee, upon their authority and responsibility in connection with the associated charities of Washington, said that that association had investigated in this District every case in which a child could properly be said to be working for the support of anybody, and there publicly, before our committee, they undertook that that association would relieve all the distress occasioned by the discharge from the army of workers of these little children of the District of Columbia.

Interstate Commerce in Child-Made Goods

Senate, January 23-29, 1907

On January 25 F. M. Simmons [N. C.] introduced in the Senate a bill to prohibit interstate commerce in articles made in factories or produced in mines in violation of State child labor laws. It was referred to the Committee on Interstate Commerce.

Already (on January 23) Albert J. Beveridge [Ind.]

had moved to amend the District of Columbia bill by prohibiting interstate commerce in the products of mines and factories employing child labor.

In supporting his amendment Senator Beveridge said:

According to the census of 1900, there are not far from two million children in the United States under 16 years of age working in "gainful occupations."

Of these, according to the census of 1900, nearly *seven hundred thousand* are employed in industries other than agricultural.

This bill does not strike at the employment of children engaged in agriculture. I do not for a moment pretend that working children on the farm is bad for them.

I think it is the universal experience that where children are employed within their strength and in the open air there can be no better training. All educators have now come to an agreement that the technical schools and the manual training schools in our cities are by far the best features of our educational system.

And I am in favor of and look forward to the time when, as a part of the educational system of this country, children will be taught to work. For, I repeat, there is no training like labor.

But, Mr. President, the evil at which this bill strikes is not such labor. I may say, and truthfully say, that this bill does not strike at such labor at all. It strikes at child toil, and I will emphasize it still more in saying that it strikes at child *slavery* in the mines, the factories, and the sweat shops of the nation.

But the record of the census, bad as that is—terrible as it is—is totally inaccurate. Anybody who has studied this question knows why it is inaccurate.

False certificates, which are universal; the hiding of children when the factory inspector comes; the reliance of the census enumerator upon reports of interested parties; all these very naturally acted to give only a fraction of this terrible truth.

I quote John Spargo, who is perhaps as accurate an authority upon this subject as anyone. Says Mr. Spargo in his "Bitter Cry of the Children":

I am convinced that the number of children under 15 years of age who work is much larger than the official figures give, notwithstanding that these are supposed to give the number of all workers under 16 years of age.

It would, I think, be quite within the mark to say that the number of child workers under 15 is at least 2,250,000.

I suppose we may say, putting it upon a conservative basis, that as I speak to you there are now not less than 1,000,000 children under 16 years of age (and I shall show by sworn testimony that some of them are *five* and *six* and *seven* years of age) at work in the coal mines, in factories, and in the sweat shops of this nation.

These are figures, Mr. President; but *figures* give no idea of what this means. Of course no Senator here would permit *his* boy or girl under 16 to work in a coal breaker or in a sweatshop or a factory. But it is not the children of *Senators* who are involved; it is the children of the *people.*

Yet if I were merely to say that so many children were employed that would give no idea of what this evil is. Figures cannot, of course, describe it. Figures only give you an idea of its extent. I propose now to describe it. I propose to show to the Senate and the country precisely what it means, and I shall do this by the description of these children at work, of how their work is conducted, of its effect upon them, and in each instance by the sworn testimony of eyewitnesses who have personally investigated this matter.

Now, before I go on I want to say that the examples which I am giving are by no means the worst ones. I do not propose to refer to what can be referred to and proved unless the indifference of the Senate compels it—such, for example, as the pouring of cold water on little children to keep them awake after they have worked *standing on their feet ten hours.*

Furthermore, in reading what is sworn to in each one of these affidavits, I have carefully excluded everything that might be called the "excited sentimentality" of the writers; "excited" by the horrible things which they witnessed themselves. Also I shall confine the statements that I am going to read to the Senate to such as are typical—neither the worst nor the best, but such as are typical—and every one of these statements I will support by affidavits and further proof if anyone questions the statements.

Mr. Spargo gives the following example:

During the Philadelphia textile workers' strike in 1903 I saw at least a score of children ranging from *8 to 10 years* of age who had been working in the mills prior to the strike.

Here is another example. This is from Paterson, N. J.:

At 6 o'clock the whistles shrieked and the streets were suddenly filled with people, many of them mere children. Of all the crowd of tired, pallid, and languid looking children I could only get speech with one, a little girl, who claimed 13 years, though she was smaller than many a child of 10.

If my little Paterson friend was 13, perhaps the nature of her employment will explain her *puny, stunted body.* She works in the "steaming room" of the flax mill.

Senators seem to think this very funny. I do not think that you will find, as we go along, any particular materials for amusement. Mr. Spargo continues:

All day long, in a room filled with clouds of steam, she has to stand *barefooted* in pools of water, twisting coils of wet hemp. When I *saw* her she was *dripping wet,* though she said that she had worn a rubber apron all day. In the coldest evenings of winter little Marie and hundreds of other little girls must go out from the superheated steaming rooms *into the bitter cold in just that condition.*

Here is the description of the labor of children in a certain kind of glass factory.

It was a big wooden structure, so loosely built that it afforded little protection from drafts, and surrounded by a high fence with several rows of barbed wire stretched across the top. I went with the foreman of the factory and he explained to me the reason for the stockade-like fence.

"It keeps the young imps inside once we've got 'em *for the night shift,*" he said.

The "young imps" were, of course, the boys employed, about forty in number, at least ten of whom were less than *12 years of age.*

It was a cheap bottle factory, and the proportion of boys to men was larger than is usual in the higher grades of manufacture. *Cheapness and child labor go together*—the cheaper the grade of manufacture, as a rule, the cheaper the labor employed.

Then he describes the labor of glass blowers:

The work of these "carrying-in boys," several of whom were *less than 12* years old, was by far the hardest of all. They were kept on a slow run *all the time* from the benches to the annealing oven and back again. The pay of these boys varies from 60 cents to a dollar for eight hours' work.

A continued uninterrupted "trot"—that is the term they use for it—without rest, without cessation, without relaxation of nerve or muscle in the superheated atmosphere of the factory.

I have given some figures about the work of children in the Pennsylvania mines. Here is what Mr. Spargo, who personally investigated this thing, says about that:

According to the census of 1900, there were 25,000 boys under 16 years of age employed in and around the mines and quarries of the United States.

In the State of Pennsylvania alone—the State which enslaves more children than any other—there are thousands of little "breaker boys" employed, many of them not more than 9 or 10 years old.

The law forbids the employment of children under 14, and the records of the mines generally show that the law is "obeyed."

Yet, in May, 1905, an investigation by the national child labor committee showed that in one small borough of 7,000 population among the boys employed in breakers 35 were 9 years old, 40 were 10, 45 were 11, and 45 were 12—over 150 boys illegally employed in one section of boy labor in one small town!

Work in the coal breakers is exceedingly hard and dangerous. Crouched over the chutes, the boys sit hour after hour, picking out the pieces of slate and other refuse from the coal as it rushes past to the washers. From the cramped position they have to assume most of them become *more or less deformed and bent backed, like old men.*

When a boy has been working for some time and begins to get round shouldered, his fellows say that "he's got his boy to carry round wherever he goes." The coal is hard, and accidents to the hands, such as cut, broken, or crushed fingers, are common among the boys. Sometimes there is a worse accident. A terrified shriek is heard, and a boy is mangled and torn in the machinery, or disappears in the chute, to be picked out later smothered and dead.

I tried to pick out the pieces of slate from the hurrying stream of coal, often missing them; my hands were bruised and cut in a few minutes. I was covered from head to foot with coal dust, and for many hours afterwards I was expectorating some of the small particles of anthracite I had swallowed. *I could not do that work and live;* but there were boys of *10 and 12 years* of age doing it for *50 and 60 cents a day.* Some of them had never been inside of a school; few of them could read a child's primer.

. . . . . .

From the breakers the boys graduate to the mine depth, where they become door tenders, switch boys, or mule drivers. Here, far below the surface, the work is still more dangerous.

Here is another example taken from another industry:

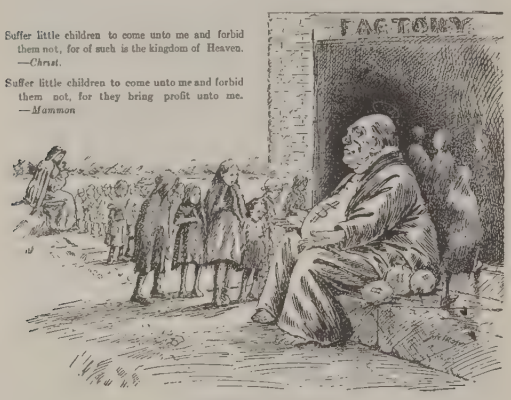
In New Jersey and Pennsylvania I have seen hundreds of children, boys and girls, between the ages of 10 and 12 years, at work in the factories belonging to the "cigar trust." Some of these factories are known as "kindergartens" on account of the large number of small children employed in them. It is by no means a rare occurrence for children in these factories to faint or to fall asleep over their work, and I have heard a foreman in one of them say that it was "enough for one man to do just to keep the kids awake."

In the domestic manufacture of cheap cigars many very young children are employed. Often the "factories" are poorly lighted, ill-ventilated tenements in which work, whether for children or adults, ought to be absolutely prohibited. Children work often as many as *fourteen or even sixteen hours* in these little "home factories," and in cities like Pittsburgh, Pa., it is not unusual for them, after attending school all day, to work from 4 P. M. to 12.30 A. M. making "tobies" or "stogies," for which they receive from 8 to 10 cents per hundred.

In York, Pa., children as young as 3 years of age are required to work nearly all day and at night until as late as 10 o'clock.

This is also a description, by Kellogg Durland in the *Outlook*, of the work of children in Pennsylvania:

Helen Sisscak, a wan mite of a girl not nine years of age, who spoke no English, told Judge George Gray, of the Coal Strike Commission (1902), that she cleaned bobbins at 3 cents an hour. She went to work at half-past


Suffer little children to come unto me and forbid them not, for of such is the kingdom of Heaven. —*Christ.*
Suffer little children to come unto me and forbid them not, for they bring profit unto me. —*Mammon*
FACTORY

SUFFER THE CHILDREN
By J. H. Morier in "The Comrade"

6 at night and worked till half-past 6 in the morning. It was when this child had finished her story that Judge Gray exclaimed, with much feeling: "Here we actually find the flesh and blood of little children coined into money"; and, shortly after, "This matter of night labor by young girls should be thoroughly investigated by those who will not shirk the work and the result made known in every part of Pennsylvania." This work has been done. Yet the indifferentism of legislators or the lack of public pressure has resulted in a continuance of the system, with never a strong hand raised in protest.

Senator Beveridge continued his speech on January 28.

Now Mr. Durland takes up the silk mills. He says:

Less kindly is the State toward the girls. They may work at 13 years. They may work at *twelve-hour shifts by day or by night*. Their work is often in a warm, moist atmosphere, out of which they pass into the chill dawn of winter mornings. They must *stand* at their work. They must be unceasingly diligent lest an unnoticed broken strand of silk entangle others and damage the work.

They are unprotected from moral dangers shocking almost beyond credence. The State has refused to protect these children because the abolition of child labor at night would necessitate the remodeling of certain industrial plants, and the citizens of the State bow to the wishes of the manufacturers in this matter as quietly as if it were a moot point, complicated by subtle technicalities. The moral phase of the matter is completely subjugated to the pecuniary.

"I deplore this business as much as you do," a silk-mill owner said to me one day, "but I am part of a great industrial system, and so long as the system exists I must run my mill as other mills are run." The gentleman had come to me to beg *that I keep silent* on what I had seen in his mill the previous night.

Now, let us see the conditions under which they are working. Of course these are not *our* children. They are the children of somebody else that are working *twelve hours a night*. If they were *our* children, we would forget lunch and not sit up nights contriving arguments to show that the Constitution won't let us rescue them.

Mr. Durland continues:

The perpetual click of the rattling looms, the whirr of belts, the crunch and rumble of wheels made a deafening din. The looms moved so regularly that I found my eyes easily tired watching them. It needed only a few moments of fixed gazing to appreciate the story told by one little girl, who had been transferred to the day shift:

"When I first went to work at night the long standing hurt me very much. My feet burned so that I cried. My knees hurt me worse than my feet, and my back pained all the time."

I stop here to remark that this is no occasional instance. It is typical and common.

"Mother cried when I told her how I suffered, and that made me feel so badly that I did not tell her any more. It does not hurt me so much now, but I feel tired all the time. I do not feel near as tired, though, as I did when I worked all night.

"My eyes hurt me, too, from watching the threads at night. The doctor said they would be ruined if I did not stop the night work. After watching the threads for a long time *I could see threads everywhere.* When I looked at other things there were threads running across them. *Sometimes I felt as though the threads were cutting my eyes.*"

No wonder. She had been working twelve hours at night, looking at the ceaseless play of the threads; she was 9 years old; she had been standing on her feet; and this is going on in a country about which we make earnest and passionate Fourth-of-July orations.

But Mr. Durland says that—

Bad as this aspect is, there is another, a sadder and more terrible feature. The close atmosphere of the factory rooms in the dead of night tends to stupefy the children. To freshen them and drive the natural drowsiness away they are encouraged to spend their midnight half hour running in the open air.

Mark that humanity. The silk mills really give the children a half hour for luncheon at midnight. I hope American women will think of all these things when they put on their silks. Mr. Durland goes on:

The mills usually occupy isolated sites. They are often on the edge of a mining village, sometimes by the banks of the Susquehanna, or near the foot of the hills. Open fields and shadowy woods surround them.

And then occurs a statement which I prefer not to read, but which every Senator will quickly infer.

Thus far, Mr. President, these items, uninteresting perhaps to Senators, but of infinite consequence to this nation, have concerned foreign children more than American children.

But now, Mr. President, I come to a section of the country where this evil is greatest and most shameful and where it is practiced *upon the purest American strain that still exists in this country*—the children in the Southern cotton mills.

Miss Ashby went South as an investigator of the American Federation of Labor. She says:

I was prepared to find child labor, for wherever easily manipulated machinery takes the place of human muscles the child is inevitably drawn into the labor market, unless there are laws to protect it. But one could hardly be prepared to find in America to-day *white* children, *6 and 7* years of age, working for *twelve hours* a day—aroused before daybreak and toiling till long after sundown, in winter, with only *half an hour* for rest and refreshment.

Ladies told me of a common sight in the mill cottages—children lying *face downward on the bed sleeping with exhaustion, just as they had come in from the night shift, too utterly weary even to remove their clothes.*

Continues Miss Ashby:

Often the whole family, except the baby actually in the cradle, is in the mill. Two or three of 8 years or older might be on the pay roll, but the youngest paid worker can get through her "side"—

"Side" is the term by which they measure the pay.

At 10 cents a day—

At 10 cents a day! A child 6 years of age, working *twelve hours, standing on her feet*, at 10 cents a day!

at 10 cents a day—with more ease if she has her little brother of 6 to help her.

I have *seen* a boy *under 4* beginning his life of drudgery by pulling the yarn off bobbins to make bands.

I am familiar with the slums of two continents, but I can say I have never seen a more pitiful sight than the mill children, nor known little ones for whom the outlook was more hopeless.

It is not only that they are pale, shrunken, and bowed—they look as if their brains were hypnotized and their souls paralyzed. A friend of mine in Atlanta, thinking to give some of these little victims a treat, asked a number out to her place in the country and turned them into the woods to play. What were her distress and amazement to find that *they did not know what the word or the thing meant.*

I shall now read illustrations of what exists in the South, written in a remarkable series of articles in the *Saturday Evening Post*, of Philadelphia, from Mrs. Van Vorst's personal investigations.

Here is a description of one of the future "capitalists," which the New York *Sun* seems to think will develop from these children. This is the best description of the best child that Mrs. Van Vorst specifically describes:

This boy was 15 years of age, and had begun to work at 7. He could not read or write and insisted that next year he was going to school. He was helping to support his mother. He was a fine type of boy.

He had been for years up before dawn and plied in the *service of a machine for twelve hours a day;* he had spent his childhood as a laborer, a bread winner, who earned food and shelter not only for himself, but for another; he had lived without pleasure, without amusements, without hope—without hope, yes; but never without courage.

And when at last an opportunity presented itself, what form did it take? The chance to extenuate his remaining energies working night and day; to be drenched to the skin; to be too tired to eat when food was put before him, too exhausted to sleep when his head touched the pillow. This was his chance, and he met it fighting the good fight and bound to be victor. His lank and withered body gave evidence sufficient of what he was going through.

In Georgia, I think it was—the Senators from that State can tell me, if it was not—there was a "gentlemen's agreement" among mill owners in lieu of the law such as they have now.

AUGUSTUS O. BACON [Ga.].—There was.

MR. BEVERIDGE.—That took the place of the law. You have a law down there at present which, for the purpose of stopping child labor, is not worth the paper it is printed on.

SENATOR BACON.—Mr. President, I would not undertake to follow the Senator in his criticism at this time, but in order that I may not be misunderstood I will simply say to the Senator that the need for a law had been generally recognized in my State. One has been passed that is working well at the present time, and it is worth a little more than the paper it is written upon, and the question which is, I think, in the minds of Senators here is not as to whether there has been and is a great evil in regard to this matter, but really whether this is a matter for the attention of the States or a matter to be dealt with, as the Senator proposes, by Federal legislation.

SENATOR BEVERIDGE.—I do not think that in its broader aspects this is a State question at all. I do not intend now to get into the legal part of this argument; but I will say this—that I have so drawn this bill as to eliminate the question of "State's rights," because I myself profoundly respect those who sincerely hold to that political doctrine. I have so drawn the bill that every "State's rights" man can vote for it without violating his constitutional convictions. I think that the broader aspect of this evil is purely national. It is not only State citizens that you are ruining, it is the citizens of the Republic as well. It is not only Georgia children that are being murdered, it is American children as well.

BENJAMIN R. TILLMAN [S. C.].—I hope the Senator will not omit to get all well-authenticated facts into the *Record*, so that we may have ammunition with which to begin crusades at home to keep our legislatures from being influenced by *Northern* millionaires who have gone down there and built mills and made industrial slaves out of white children instead of the chattel black slaves of the old days. I will join the Senator if he can show me how to do it here constitutionally.

JACOB H. GALLINGER [N. H.].—There is Northern money in South Carolina; and God help South Carolina if there was not Northern money there. [Applause in the galleries.]

I want to add one further suggestion on that point.

I recall very distinctly that in one of Elbert Hubbard's articles he stated that the parents in the South demanded that the

children should work in the mills, and that they were infinitely more to blame than the men who furnished the capital to run the mills.

SENATOR BEVERIDGE.—There is no doubt about that; but the infamy of the murder of children is not to be excused on account of the infamy of parents who are willing to see them work. The mill owner, however, ought not to satisfy his conscience by what he knows to be a perjured certificate.

SENATOR TILLMAN.—I know there are fathers and mothers in South Carolina as well as there are elsewhere who to my mind occupy the relation toward their children of cannibals, who force them to get up before day and go to work, while they, especially the father, sit around and loaf and live off their children's labor. But I do not see the force of the sneer of the Senator from New Hampshire in saying God help South Carolina if there was no Northern money there. I will say to that Senator that rather than have Northern money go there and exercise its lobbying influences through the instrumentalities of mill presidents and directors and others who go to the legislature and maneuver and manipulate and manage to keep proper child-labor laws from being enacted, I wish that he and all others who can keep Northern money away would keep it away from the State.

EDWARD W. CARMACK [Tenn.].—I want to state that so far as one State is concerned no Federal legislation is needed to bring about this reform.

SENATOR BEVERIDGE.—I will show the Senator that it is, and I will now tell him why.

SENATOR CARMACK.—Not so far as Tennessee is concerned.

SENATOR BEVERIDGE.—Yes; and I will show the Senator why when I come to the point. I want to say to the Senator and all Senators that I am only too delighted to give way at any time to any Senator for a question upon any point. I am as earnest about this matter, I think, as he can be, and if at any point I am wrong on a question of fact or a question of law I want to be interrupted.

JOHN C. SPOONER [Wis.].—Does the Senator think he is any more earnest in the discussion of child labor than the remainder of his colleagues?

SENATOR BEVERIDGE.—Yes; I think a good deal more earnest. I have been earnest enough to spend nights and days and weeks and months in accumulating testimony. I have been earnest enough to appeal to the American people all over this country during the last campaign, from as far west as Ne-

braska to as far east as Maine. Has the Senator done as much?

SENATOR TILLMAN.—The Senator mistakes zeal for earnestness. That he is very zealous we undoubtedly know, but I deny that he is more earnest than I am and than all other Senators are.

SENATOR BEVERIDGE.—I want to say to the Senator from Tennessee what I was going to say when the Senator from Wisconsin interrupted me. The manufacturers of the Senator's own State have by the very righteousness of your State laws been put at a commercial disadvantage with the manufacturers of Georgia, Alabama, South and North Carolina, because the manufacturers of your State cannot longer employ cheap labor. They cannot longer make the blood of children into gold, and that can be done by every manufacturer in these other States.

That is the trouble with the whole thing. I shall submit in a moment, when I come to present that particular question, the affidavit of a man who testifies to having been on a train that was carrying a "shipment" of *children* from Tennessee, where they cannot be worked, to the cotton mills of other Southern States, where they can be worked.

Mr. President, perhaps in the interest of the dividends which these mill owners earn—and I shall present a book here written by one of them, showing that the poorest cotton mill in the South does not earn less than 10 and from that up to 30 per cent., and even higher—we might waive consideration of the ruin of the children themselves, but we are confronted with a far graver consequence, and that consequence is this: It is the process of the deterioration of the race. It is the production of a degenerate class in this Republic.

The lowest estimate now is that we are pouring into American citizenship every year at least 200,000 "Hooligans," boys and girls, who are broken in body and stunted in mind and soul, and who *know* it, and who are living engines of hatred toward society—and I do not blame them—and who become the parents of still other degenerates. We all hear talk about the dangers of a certain "lower class." Had we not better do something to stop the production of that "lower class," that "dangerous class"? Anyhow, I shall try to stop it.

Great Britain is an example of precisely a condition such as I have detailed that has shocked the world. The world did not know about it. England herself did not know about it until the United Kingdom had to meet 28,000 Boer farmers in South Africa.

You will remember the newspaper accounts of the almost im-

possibility of getting soldiers for the English service. You will remember the descriptions of how small and feeble they were. You will remember the tales—true tales—of their being swept off like flies by enteric fever. It was the poorest army that that first of powers ever sent to the battlefield.

The director-general says that from 40 to 60 per cent. of all the soldiers that England recruited for South Africa in the Boer war were unfit for service. Over 30 per cent. of all attempted to be recruited were rejected, although the standard was purposely lowered by the British authorities.

The cause of these rejections were undersize, narrow chest, bad teeth, bad vision, flat feet, and other causes that showed physical and racial deterioration.

Now, then, when this was brought home to the attention of the British nation and of the world, it startled the British statesmen as nothing had startled them for a hundred years, because they were suddenly face to face with the fact that the United Kingdom, with over 40,000,000 people, found herself hard put to it to raise 320,000 British soldiers to meet 28,000 Boer farmers upon the field of battle.

They were suddenly face to face with the fact that, upon land, England has not the men to meet any first-class nation in the world.

They were suddenly confronted with the fact that, while they had become the mistress of the seas in commerce, they had sunk into a low place in manhood and stamina, which is the foundation of all commerce and of all greatness of every kind.

And so a commission was appointed to examine into and report upon the causes of this physical deterioration of the British people, and here it is in my hand [exhibiting].

It was found that a general physical deterioration of the people did exist. It was found that its immediate and present causes were poverty, overcrowding, living in towns, insufficient nourishment, and inherited tendencies. Now anyone who has studied the question knows what the cause of that is.

It began in England one hundred and fifty years ago with the invention of the spinning machines, and precisely the same process is going on in Pennsylvania, in South Carolina, and other States of the American Republic to-day.

As soon as the factories started up in England in the eighteenth century the mill owners found themselves in precisely the condition that the Southern mill owners find their factories to-day. They *used precisely the same arguments to get the children into the mills.* They soon found that the nimble

fingers of the children could do the work of attending the machines better than those of old people. Also they soon found that children were more "tractable," more easily "managed," and they found, above all other things, that *they were cheaper.*

And so, first—all Senators are familiar with that, of course—the orphanages were emptied into the mils, and then the country was invaded by the mill owners, just as to-day in the Southern States the hill people are being drawn from their farms to the factories.

The strongest people from the country were induced to go to the factory towns. They left the inferior country people on the farms to run the farms and raise up the future yeomanry of the empire.

And these stronger young men and young women coming into the factories soon degenerated in health, and they produced children who were weaker still than they were, and so the process went on from bad to worse until seventy-five years later, nearly all the population of England in the meantime having become an urban population, a mill-working population, the great irresistible causes of degeneration had done their work, and when the Boer war came England was hard put to it to raise from among 40,000,000 people 320,000 able soldiers to meet the Boers on the field of battle.

There gradually grew up in England a hundred years ago an agitation such as there is growing up in America now. It was resisted. It was resisted by the factory owners just exactly as the agitation is now being resisted by the factory owners. Sir Robert Peel began the reform of it in 1802. He did not succeed very well; but finally he got the Peel bill passed.

Then it was succeeded by the agitation which resulted in the Sadler bill, which limited the hours of work to ten hours. A very singular thing occurred, and I cannot help referring to it now, we are so precisely paralleling the experience of England. The manufacturers resisted the Sadler bill in every way they could. Finally they said: "This bill is being passed upon *'vague'* representations; it is being passed at the clamor of working people; let us *'investigate'* it; let the whole subject be *'investigated.'* "

Of course they knew it would take a year or two in which to "investigate," and in the meantime their enormous profits would go on. Many great fortunes in England to-day are founded upon that system. No wonder England, having thus sowed the wind, is now reaping the whirlwind.

So they asked that the thing might be "investigated," and

they carried their point. But so terrible were the conditions, and the report of that investigation committee had so terribly alarmed them, that they aligned themselves for the purpose of delaying and, if possible, defeating action on that report; for the report showed conditions even worse than they were represented, just as the report of the "investigation" of this crime here in America and in the twentieth century will show—if the investigation is honest.

Finally the cause of those English children was taken up by a man whom everybody who reads the English language and knows anything about English history or human industrialism knows and loves and applauds—John Ashley, Earl of Shaftesbury. He gave his whole life to it. He gave up his official place; society turned against him; his rich associates reviled him. He was of the noblest nobility of England itself, but they all deserted him. "Shaftesbury," said England's "better classes"—England's "best people," to repeat the favorite phrase of the Senator from Georgia [Mr. Bacon]—"Shaftesbury," said they, "has joined the 'lower class.' "

Nevertheless he gave his life to the curing of this infamy, and to-day John Ashley, Earl of Shaftesbury, is one of the proudest names in English history. When the name of Marlborough is forgotten and when the name of Wellington shall have become a memory the name of John Ashley, Earl of Shaftesbury, will glow, with ever-increasing radiance, in the permanent heaven of mankind's regard.

They did not succeed in stopping that evil for seventy-five years—these English "reformers," these English sympathizers with the despised "common people," these English lovers of humanity—and it was not until perhaps twenty-five years ago that the evil was entirely ended.

Does any man think that England pursued a wise policy? I hold in my hand here the original notes of the statements of some of the mill owners in the Senator's State of North Carolina, where they resisted the passage of a law for the compulsory education of children and improvements over North Carolina's wretched child-labor bill, all of which the manufacturers of North Carolina defeated.

One of them goes on to say: "We want more mills. It is all right to work the children. They say that England is building more mills, and she has become the money center of the world and the commercial mistress of the seas."

Well, Mr. President, that is what England has done. She has become "the money center of the world," and she has be-

come "the commercial mistress of the seas." But does anybody think that she has not paid too high a price? Does anybody think that the proud eminence upon which she stands in commerce and trade has not been bought too dearly when it has been bought at the sacrifice of men and women?

The Boer war can teach us a lesson as well as it taught England a lesson. England cannot meet *on land* a single first-class power to-day. That is the price she paid for becoming "the commercial mistress of the seas." Gone is that splendid yeomanry which under the Iron Duke overwhelmed the veterans of Austerlitz and bowed to the dust the forehead of the greatest captain of the world. Gone is that splendid stock that produced a Shakespeare and a Milton, and a Thackeray and a Dickens; that produced an Arkwright; that produced the great statesmen of the past. There is not to-day a single English soldier, statesman, or writer who comes even up to the arms of the great Englishmen of yesterday. The English people paid too high a price when they gave their children to make the English mill owners the greatest capitalists in the world.

I respect capital as much as anyone. I respect property as much as any man. I like to see wealth grow and expand, both individually and nationally, but I tell you we are thinking too much about money *as money.* We are thinking too much about prosperity *as prosperity.* The chief use of prosperity is not to put food in your stomachs or clothes on your backs or a roof over your heads. That is an important use; but the great use of prosperity is that it gives you time and strength to think on righteousness and write conscience into laws without ruining the people.

Now, Mr. President, there is the consequence not only of the labor of children to-day, not only the ruin of their lives, but the certain deterioration and the establishment of an ever-increasing degenerate class in America.

Mr. President, it has got to stop. I infer from what I have heard here in the interruptions that everybody agrees it has got to stop. As a matter of fact, I have never seen any human reform proposed in this Senate that everybody was not "for" it, but most were against any effective *means* of accomplishing it. We are confronted now with a proposition. I have heard it whispered about the corridors, and so have other Senators, that we must not go "too fast"; that we are bound to have an "investigation."

Oh, no; let us not go "too fast." The evidence is before the Senate of the slow murder of these children, not by tens or

hundreds, but by the thousands. But let us not "hasten" to their relief "too fast." Let us "investigate," just as the manufacturers of England asked when they were confronted with the same kind of a reform.

Now, Mr. President, it has got to be stopped and *stopped now.* We all agree upon that—anyhow, everybody says that he agrees it must be stopped; "only," say some, "let us be careful about the Constitution." The Constitution, it appears, is a very mysterious instrument. But never mind; child labor has got to be stopped. How? The States cannot stop it.

I hear that "State's rights" is to be used as the excuse for killing this bill. I say there are no "State's rights" involved in this bill. I see the junior Senator from South Carolina [Asbury C. Latimer] making a remark to another Senator upon that statement. If the Senator thinks there are some "State's rights" in this bill which prohibit the transportation in interstate commerce of the products of child labor, why did not the Senator think there were some "State's rights" in his bill for prohibiting the transportation in interstate commerce of the boll weevil and the gypsy moth?

Mr. President, something has been said more or less all along about "State's rights." But suppose State's rights were involved a little bit. Last year we passed the quarantine law. For a hundred years the subject of quarantine has been universally recognized to be exclusively within the province of the States. The effect of the law last year was to make it a national quarantine system. There was not a bit of resistance to it. The people were not willing to quibble; the people were not willing to make a strained construction of the Constitution when yellow fever was knocking at the gates. There was no resistance in the Senate. There was some resistance in the House, made purely upon the "State's rights" proposition that it was the province of the State, and that the national Government was taking the right to quarantine from the States. I was very greatly struck by a speech made in the House by Robert C. Davey [La.]. He said:

> If gentlemen who have taken part in this debate had gone through a yellow fever epidemic, as I have, they would not stand here upon technicalities.

That is the spirit of a humane man; but, if we could speak thus for a bill to kill yellow fever, how much more should we speak for a bill to kill child labor?

SENATOR TILLMAN.—I think that the good sense and the

love of humanity in any State, where it is pointed to properly, will redress this wrong and cure the evil, or kill it, if the facts are ever presented to the people.

SENATOR BEVERIDGE.—But the Senator would not object to having the nation do it if the Senator believed that it was entirely within the province of the nation to do it?

SENATOR TILLMAN.—If the Senator can convert me on that point, I will be ready to go with him, but I want to call the Senator's attention to another phase of it. We have in the South a very large number of children from 6 years up who help pick cotton in the fall. Would the Senator have the cotton crop stopped from entering into interstate commerce because little children are engaged in helping to gather it?

SENATOR BEVERIDGE.—So far as this measure is concerned, it lets them pick cotton.

CHARLES W. FULTON [Ore.].—The Senator from South Carolina suggests that the children of South Carolina engage in picking cotton. The Senator from Indiana says he does not purpose by this bill to prohibit the shipment of cotton as an article of interstate commerce. But I ask the Senator if the principle is not exactly the same?

SENATOR BEVERIDGE.—I know exactly what the Senator is going to ask. He is going to ask, if we can exclude the products of the factory, can we not exclude the products of the farm? Certainly we can, as a matter of *power;* but we never will as a matter of *policy.*

SENATOR FULTON.—Let me ask the Senator if Congress can prohibit cotton from being shipped from one State to another because it was picked by children—

SENATOR BEVERIDGE.—Yes; or a red-headed girl.

SENATOR FULTON.—Can it not prohibit wheat from being shipped from one State to another because a person was employed more than eight hours?

SENATOR BEVERIDGE.—Why, undoubtedly; as a matter of *power;* though that has nothing to do with this bill. This bill rests on much narrower foundations.

SENATOR FULTON.—Then there is nothing that Congress cannot regulate in our internal affairs.

SENATOR BEVERIDGE.—I am glad the Senator has brought that question up. Let us meet the questions of human industry face to face and vote on them. As long as I am in public life I am prepared to vote on any question that arises, and I never shall shield myself and excuse myself from voting upon them with any strained constitutional construction.

SENATOR FULTON.—I assume the Senator does not mean to say that he believes if Congress is without constitutional power to enact certain legislation he will nevertheless insist on voting on it.

SENATOR BEVERIDGE.—Mr. President, most certainly I do not.

Now that the Senator has asked that question, I would not be surprised that a good deal of anxiety about the constitutionality of this bill is wrapped up in that very eight-hour question. It may be that many people hope that this is unconstitutional, so that they will not have to vote on it and the whole group of questions associated with it.

Mr. President, the next reason why the States cannot adequately handle this question is because neither in this nor in any other important question have the States ever succeeded in having uniform laws; and it is clear that this evil cannot be remedied unless there *are uniform laws upon it.*

Suppose, for example, that Ohio passes an excellent child-labor law and my State repeals ours, instantly every manufacturing establishment in my State would drain the child labor from Ohio to us, because it is cheaper and more profitable, and the manufacturers of Ohio would be at a disadvantage with the manufacturers of Indiana.

Not only that, but if every single State in the Union but one were to enact a good law and execute it, nevertheless the one State that did not and that continued to permit the infamy would be ruining citizens not of that State only, but citizens of the nation also.

A child that grows up in New York and becomes a citizen is not alone a citizen of New York. He is a citizen of the Republic as well, and when any system of labor or of lack of education ruins him for citizenship in the State he is ruined for citizenship in the nation.

So not only, Mr. President, is there inequality of business opportunities, but by that inequality the ruin of citizens in any one State, the murder of the innocents in any one commonwealth, affects the entire Republic as much as it affects that State.

If there is any person on this floor, including the Senators from the South, who has a greater affection than I for that section of the country, from which I draw my own blood, I do not know it. And now I want to give a solemn warning to my brothers of the South.

We have had much of this session taken up with a discussion of the race question [the Brownsville case]. We have had

the assertion of the superiority of the white race made time and time again; that the white race would never yield to the black race.

Yet the children who are at work in the Southern cotton mills are from the white working class of the South; and this terrible situation stares the South in the face that, *whereas the children of the white working people of the South are going to the mill and to decay, the negro children are going to school and improvement.*

I am glad to see the negro children going to school, but it is enough to wring the heart to think that day by day you are permitting a system to go on which is steadily weakening the white race for the future and steadily strengthening the black race for the future.

It is not in the power of any man to keep "superior" by *asserting* superiority. The truth of it is the South is face to face with the situation of their white children in the mills and their black children in the schools.

There is another thing which we on this side—the Republican side—might as well take into account. I have here the present tariff law. I was reading before I came up to the Capitol, after I got into the office, the tariff on cotton, the tariff on glass, the tariff on coal. I ask Senators who, like myself, are protectionists, With what grace can we go to the country asking that the tariff be continued on these things when the industries in these lines are supported by cheap child labor?

And now I wish to speak right here another warning to labor, and I will ask to put into my remarks numerous statements made under oath to prove it. I want the laboring men and women of this country to understand what every labor leader knows—and if he does not know it he is not fit to be a labor leader or any other kind of a leader—that *child labor tends to bring down manhood wages and womanhood wages to the child-wage level.* You are not only killing your children, laboring men, but you are reducing your own manhood wages.

Mr. President, I come now to the constitutionality of this proposed law.

The power of the States over commerce was *absolutely sovereign* under the Articles of Confederation. Of course no Senator will deny that.

But *all* such power which the States had under the Articles of Confederation was by the Constitution *given to Congress.* The States parted with that power absolutely, and the power given to Congress, so far as interstate traffic is concerned, is

as complete and absolute as the power of the State over State commerce.

There were in existence at the time the Constitution was adopted some twenty-seven acts of the English Parliament in which the phrase "to regulate commerce" occurs. In each one of them those words mean in those laws "prohibition" of commerce in some form or other or in some article of commerce.

So when the Fathers lifted out of the English statutes and put into the Constitution the phrase "to regulate commerce," they lifted out words that had a definite meaning in the acts of the British Parliament which were directly before them.

It was not very long after the Constitution was adopted until there arose the very question which we have here raised, the question as to whether under the commerce clause Congress had the power, in regulating commerce, to *"prohibit"* commerce in any article, and that was decided in the affirmative in the case which every lawyer has had by heart since he went to law school—in Gibbons *v.* Ogden, in the great opinion by Chief Justice Marshall.

SENATOR BACON.—Even if we concede the power of Congress to prohibit the introduction of an article, does the Senator recognize no difference between the power to prohibit the introduction of an article vicious in itself or objectionable for any reason, as most of these decisions pass upon questions of that kind, and an article not objectionable in itself, not vicious, or in any manner detrimental to the public good—

SENATOR BEVERIDGE.—I understand the Senator's question.

SENATOR BACON.—An article thus not objectionable, but where the point of the objection simply is as to the manner in which it has been produced in the State?

SENATOR BEVERIDGE.—As a question of *power,* no; none in the world; but, yes; as a question of *policy.* We have the power. It is a power which we can abuse. But if we do abuse that power, which in us is unlimited, the remedy is at the ballot box, as was pointed out by Chief Justice Marshall in Gibbons *v.* Ogden, where the very question was raised.

SENATOR FULTON.—Would not that, followed to its logical conclusion, mean that Congress could absolutely prohibit commerce among the States?

SENATOR BEVERIDGE.—Certainly. That question was raised in Gibbons *v.* Ogden. There was a definition of the *power* to pass an embargo law. An embargo was an absolute *prohibition* of commerce, and the argument was made against it that we had no such power under the Constitution, because, they said,

it meant the *annihilation* of commerce. Here is what Chief Justice Marshall said:

> The power to regulate—that is, *to prescribe the rule by which commerce is to be governed*—like all others vested in Congress, is complete in itself, may be exercised to its utmost extent, and *acknowledges no limitations* other than are prescribed in the Constitution.
>
> If, as has always been understood, the sovereignty of Congress, though limited to specified objects, is *plenary as to those objects*, the power over commerce with foreign nations, *and among the several States*, is vested in Congress *as absolutely as it would be in a single government*, having in its constitution the same restrictions on the exercise of the power as are found in the Constitution of the United States.

The debate was resumed on January 29. Nelson W. Aldrich [R. I.] asked Senator Beveridge if he were not aware that the power of Congress does not depend entirely upon one clause in the Constitution, the so-called "commerce clause," but upon the taxing clause as well. Senator Beveridge granted this.

But let me call the Senator's attention to this. The Senator is a great tariff expert, but, *constitutionally*, you have the right to lay taxes, to put on tariffs, under the taxing power, *only for the purpose of revenue.*

When you lay a tariff for *protection* it comes within the *commerce clause* of the Constitution.

That question came up early in our constitutional history. They said a protective tariff was unconstitutional, and the Supreme Court admitted that it is unconstitutional *under the taxing power alone.* Under that Congress has power to lay taxes, impose imposts, etc., and nothing else.

But, when it comes to *protection*, your power is derived from the *interstate and foreign commerce clause* of the Constitution, and *from that alone.* The Senator will find one entire chapter of very interesting reading, demonstrating that fact, in Story on the Constitution. Perhaps the ablest piece of work Mr. Justice Story ever did was to demonstrate that that power existed *under the interstate and foreign commerce clause.*

Now, Mr. President, *if, then, the power of Congress over foreign commerce and interstate commerce is the same,* and by virtue of the former we have *prohibited* convict-made goods, we may also *prohibit* the transportation of convict-made goods in interstate commerce. But, if *convict*-made goods may be prohibited in interstate commerce, then why can we not also prohibit *child*-made goods?

If we have the power to *prohibit* the transportation in interstate commerce of cattle *without a certificate, well or ill;* if we have the power to *prohibit* the transportation of certain *insects;* if we have the power to *prohibit* the transportation of loose *hay* in vessels; if we have the power to *prohibit* the transportation of gold and silver goods merely because they have two words on them, and all *under the interstate commerce clause;* if we have the power to *prohibit* convict-made goods, why have we not the power to *prohibit* the transportation in interstate commerce of child-labor-made goods?

So far as the question of *power* is concerned, in none of these cases that I have shown did the *power* come, *in a single instance,* from the evil of the article prohibited. As a matter of *policy* we enacted those laws because they were good for the "interests of the nation." But if it is good for the "interests of the nation" to *prohibit* the transportation of *insects* from State to State; if it is good for the "interests of the nation" to *prohibit* the importation of convict-made goods; if the *power* over *interstate* commerce equals the power over *foreign* commerce, as the Supreme Court has said, unless it is overruled by a sub-committee of the Senate; if we have the *power* to *prohibit* convict-made goods in interstate commerce, as we have; if we have actually *prohibited* the transportation of gold and silver merely because they had two words which inconvenienced the business of certain men in New York and New Jersey, all upon the theory that it affected the "interests of the nation," to use again Chief Justice Marshall's famous phrase, how much more have we got the *power* to *prohibit* the transportation in interstate commerce of child-made goods which affect the "interests of the nation," aye, and the perpetuity of the nation?

Gentlemen grow excited about refinements. I ask them to explain the laws *that are on the statute books. Why* did we never hear before of any "danger of the extension of the Federal power" when you were enacting those statutes? Why is it that only when we attempt to stop the murder of children and the debasement of our race and the ruin of our citizens by *prohibiting* the transportation of child-made goods in interstate commerce that Senators are aroused in defence of an artificial liberty?

It is a curious thing to me that every constitutional fight that has been made in the Supreme Court has *always* been made against laws prohibiting something in interstate commerce *only* when some business interest was affected by it.

Why, Mr. President, when I think about these things I

sometimes wonder what is the purpose of these "free institutions" about which we talk so much. Why was it that this Republic was established? What does the flag stand for?

Mr. President, what do all these things mean? They mean that the people shall be free to correct human abuses.

They mean that men and women and children shall day by day grow stronger and nobler.

They mean that we shall have the power to make this America of ours each day a lovelier place to live in.

They mean the realities of liberty, and not the academics of theory.

They mean the *actual* progress of the race in the tangible items of real existence, and not the theoretics of disputation.

If they do not mean these things, Mr. President, then our institutions, this Republic, our flag, have no meaning and no reason for existence.

Mr. President, to see this Republic of free and equal men and women grow increasingly, with each day and year, as the mightiest power for righteousness in the world has been, and is, and always will be, I pray God, the passion of my life—a nation of strong, pure human beings; a nation of wholesome homes, true to the holiest ideals of man; a nation whose power is glorified by its justice, and whose justice is the conscience of scores of millions of free, strong, brave people.

It is to make this people such a nation that all our wars have been fought, all our heroes have died, all our permanent laws have been written, all our statesmen have planned, and our people themselves have striven.

It was to make such a nation as this that the old Articles of Confederation were thrown away and the Constitution of the United States, about which we debate so much, was adopted.

Mr. President, it is to make this nation still surer of this holy destiny that I have presented this bill to stop the murder of American children and the ruin of future American citizens. [Applause in the galleries.]

The bill was passed over during this session in favor of other child labor legislation. Restriction of child labor in the District of Columbia came up again during the following session in the form of a new bill presented in the Senate on February 3, 1908, by Jacob H. Gallinger [N. H.]. It was referred to the Committee on Education and Labor, which reported it on February 25. It was

less drastic than the former bill, in that means were provided for children working (under proper regulations) when they contributed to the expenses of a needy family, and the interstate commerce feature introduced by Senator Beveridge was eliminated for future separate consideration. It was passed on May 6, 1908, without division.

The House amended the bill, making it still less drastic, and passed it on May 9 by a vote of 200 to 0, 187 Representatives not voting. The Senate disagreed to the House amendment. A conference was appointed, which reported on May 21 that the Senate recede from its disagreement, and the bill was passed on May 25. President Roosevelt approved it on May 28, 1908.

Other Child Labor Acts

On December 18, 1906, a bill was reported in the Senate, from the Committee on Education and Labor, authorizing the Secretary of Commerce and Labor to investigate and report upon the industrial, social, moral, educational, and physical condition of women and child workers in the United States. It was passed on the same day. The House committed the bill.

On January 21, 1897, Richard Bartholdt [Mo.] moved to take the bill from committee and pass it. After some debate the bill was passed. President Roosevelt approved it on January 31.

On December 14, 1906, Edward L. Taylor, Jr. [O.], from the Committee on the District of Columbia, reported in the House a bill, originating in the Senate, to incorporate the National Child Labor Committee. This committee had been formed in Carnegie Hall, New York City, in 1904, and had a membership of 1,500 scattered through 16 States.

The bill came up for discussion on January 14, 1907. Finis J. Garrett [Tenn.] opposed the bill:

> One purpose of the committee that is set forth in the bill is to bring about legislation. Now, why, Mr. Speaker, should the Congress of the United States incorporate a lobby? I do

not use the word lobby as applied to it in any offensive sense. I do not mean to imply that legislation against child labor is improper legislation. In fact, I think it is within the States. But why should Congress organize any association or incorporate any association whose avowed purpose is to bring about certain legislation?

The bill was passed with an amendment reserving the right to alter or repeal the act.

The Senate objected to this amendment on January 25, and a conference was ordered. The conference committee reported on February 16 that the Senate accept the House amendment. This was agreed to by the Senate. President Roosevelt approved the act on February 21, 1907.

CHAPTER VIII

Injunctions in Labor Disputes

Robert L. Henry [Tex.], Sereno E. Payne [N. Y.] and Others Introduce Bills in the House to Regulate Grants by Federal Courts of Restraining Orders—Debate: In Favor, Mr. Henry, Henry D. Clayton [Ala.]; Opposed, Charles E. Littlefield [Me.].

ON December 2, 1907, Robert L. Henry [Tex.] introduced two bills in the House: (1) to regulate the granting by the Federal courts of restraining orders and injunctions; and (2) to define contempts of court and fix their punishment. The bills were referred to the Committee on the Judiciary.

Curbing the Power of Federal Judges

House of Representatives, January 28, 1908

On January 28, 1908, Mr. Henry supported the principle of his bills:

The first question I propose to discuss this morning is that of limiting the power of Federal judges in the issuance of temporary restraining orders and injunctions. For years the laboring people have appealed to Congress, and particularly to the Judiciary Committee. Their demands have been just and reasonable. I discuss them not because this is class legislation, but because it is just legislation that should be enacted in the interest of the whole people. Session after session bills have been introduced and referred to that committee and other committees, but they have been silently pigeonholed and never reported back to the House.

Is this legislation just? Is it something that is reasonable? Mr. Chairman, it is legislation that should be passed, and I only take the floor this morning because these bills have been introduced from time to time and no attention has been paid to

them by this body. Let me call attention to the provisions contained in my bill.

Be it enacted, etc., That no writ of injunction or temporary restraining order shall be granted in any case without reasonable previous notice to the adverse party, or his attorney, of the time and place of moving for the same: *Provided*, That nothing herein contained shall be held to authorize the issuance of any injunction or restraining order not now authorized by law.

Mr. Chairman, substantially that language was the law of the country for seventy-nine years. In the act of 1791 it was provided that notice should be given by Federal judges before the issuance of temporary restraining orders and injunctions. In 1872 Congress passed an act which eliminated the provision requiring notice in injunction proceedings, and since that time Federal judges have held their star chamber sessions and have issued their temporary restraining orders and injunctions without any sort of notice to the adverse party or his attorney. This manifest defect should be remedied by an act of Congress. Are you ready and are you willing to pass legislation, not only for the benefit of the laboring people who have demanded it, who have been tyrannized over by injunction suits, who have felt the sting of unjust government by injunction, but are you ready to give it to the American people?

Secretary Taft, seeing the impending storm, has sought cover, and now tries to face about and win back those he unjustly oppressed while he was Federal judge. He says in a letter to the Ohio labor organizations:

"Second. You ask me what I think of a provision that no restraining order or injunction shall issue except after notice to the defendant and a hearing is had. This was the rule under the Federal statutes for many years, but it was subsequently repealed. In the classes of cases to which you refer I do not see any objection to the reënactment of that Federal statute. Indeed, I have taken occasion to say in public speeches that the power to issue injunctions *ex parte* has given rise to certain abuses and injustices to the laborers engaged in a peaceful strike. Men leave employment on a strike, counsel for the employer applies to a judge, and presents an affidavit averring fear of threatened violence and making such a case of the *ex parte* statement that the judge feels called upon to issue a temporary restraining order. The temporary restraining order is served upon all the strikers; they are not lawyers; their fears are aroused by the process with which they are not acquainted, and, although their purpose may have been entirely lawful, their common determination to carry through the strike is weakened by an order which they have never had an opportunity to question, and which is calculated to discourage their proceeding in their original purpose. To avoid this injustice I believe, as I

have already said, that the Federal statute might well be made what it was originally, requiring notice and a hearing before an injunction issues.

"Third. In answer to your third question, it would seem that it is unnecessary to impose any limitation as to the time for a final hearing if before an injunction can issue at all notice and hearing must be given. The third question is relevant and proper only should the power of issuing *ex parte* injunctions be retained in the court. In such cases I should think it eminently proper that the statute should require the court issuing an *ex parte* injunction to give the person against whom the injunction was issued an opportunity to have a hearing thereof within a very short space of time, not to exceed, I should say, three or four days."

Gentlemen, will you heed the voice of the people? If not, the time will come when they will be accorded this relief. I don't know whether it will be at the hands of a Republican Administration or at the hands of a Democratic Administration, but as certain as we live such legislation will be enacted.

John W. Gaines [Tenn.].—Why was the law changed?

Mr. Henry.—I have investigated, and find that when the statutes were recodified it was left out, as it has been since stated, inadvertently, and that it was not done intentionally. Yet during all this time the omission has remained upon the statutes, although session after session bills have been introduced and Representatives have come before the Judiciary Committee and have asked for relief.

There is no demand for radical legislation, nor are the people who have come before the Judiciary Committee asking for that kind. They would be satisfied with a reënactment of the statute that was law for seventy-nine years, which requires notice by a Federal judge before an injunction issues.

The bill provides only for previous reasonable notice. Letters from a number of Federal judges have come to me approving this bill, stating that it is reasonable and manifestly just and ought to be passed; that star-chamber proceedings ought to be stopped, and blanket injunctions without notice ought to cease; that traps for trying, convicting, and imprisoning men should no longer be set. [Applause on the Democratic side.]

I have no attack to make upon the judiciary of this country, either the Federal or State judiciary. But legislation of this kind ought to be given the American people. Before anyone is enjoined in his property rights or his personal rights he ought at least to have notice from Federal tyrants. He ought to have the poor privilege of appearing, filing answer, and being heard. Equity rule 55 provides for and requires notice in all such cases, but for years Federal tyrants have ignored it, flagrantly violated it, and spat upon it. They utterly disregard this plain

provision of our equity rule. Let us pass a simple mandatory statute requiring previous reasonable notice before these blanket injunctions, or any other kind, can be issued by a Federal judge. Let us as Representatives of the people rob them of the power of imprisoning good and innocent men with their midnight orders and injunctions without hearing the other side, which often has a complete defence. But your Speaker and his Committee on Rules will stand with their eyes shut and as firmly as the walls of this Capitol spurn this just demand for relief. I freely make that prediction. [Applause on the Democratic side.]

MR. GAINES.—Are not cases reported where parties have been punished for contempt of court who had no real notice of the injunction and who disobeyed it unwittingly?

MR. HENRY.—Yes; there have been such cases, where they have been hauled up before a Federal judge without any notice that they were even charged with an offence, and Federal judges have denied them the poor privilege of trial by jury and placed them in prison and outraged them in many ways. Such judicial outrages ought to cease in this country, regardless of whether the man is a laboring man or any other citizen of the Republic. [Applause on the Democratic side.]

I have introduced another bill, one that passed the United States Senate a few years ago by unanimous vote, with the exception of Senator Hoar, of Massachusetts. He did not vote against the measure, but refrained from voting for it because he had not investigated it. I refer to the bill which passed that body providing for a trial by jury in cases of indirect contempt —that is, in cases of contempt committed out of the presence of the court. It passed the Senate and came to this body, and session after session, year after year, it has been reintroduced, and those entitled to the relief have been demanding its enactment; and yet it has never found its way out of the Judiciary Committee, and, in my humble judgment, will never do so until the American people command the Speaker of this House and that committee to take favorable action. [Applause on the Democratic side.] Substantially the same bill has been introduced by me at several sessions of Congress. It is now pending before the Judiciary Committee, of which I have the honor to be a member. It divides contempts into two classes—direct contempts and indirect contempts. Where the contempt is committed in the presence of the judge there should be no trial by jury, but the judge himself should have the power to punish summarily such offences. But where it is committed out of the presence

of a court, where the offender does not know whether or not he has committed a contempt, he ought to have the privilege of calling for a jury. Aye, more. We ought to transfer the case from the jurisdiction of the Federal judge that issued the injunction, and let some other judge, without prejudice, try the offence.

Are you ready to enact such legislation as that? Is the Republican Speaker ready to give ear to the demands of the people who have called for this legislation year after year? You will give hearings this session, but no relief. Year after year they have come in a body and have demanded it of the Speaker, and he has frowned upon them. They will come again and make the same demands. I serve notice now that as long as I am in Congress this matter will be pressed until you act. These people would be satisfied with reasonable legislation if we would enact it. True, some of them want to go further. This House should not enact any law that is unreasonable, that is too radical, but we could certainly afford to reënact this old statute, and we agree that an offender in cases where an injunction has been issued without notice shall be entitled to the constitutional right of trial by jury. Jefferson said, and truly, that the Federal judges are "the sappers and miners, gradually undermining the foundation of this Government"; and he never stated a truer proposition.

Mr. Chairman, we have seen year after year one right after another taken from the American people, from the respective States of this Union by the Federal judiciary. When a power is conferred upon them they clamor for more. I know that in some quarters it is not fashionable to talk about State's rights. I know that it is not fashionable to denounce tyrannical Federal judges. And I do not criticize the just ones. The Constitution does not commend itself to some gentlemen. But we observe that only a few days ago the Supreme Court again decided a measure which passed through this House was unconstitutional. This reminded us that we still have a Constitution to govern us in our actions, and may go only so far in our legislative actions.

There is another bill introduced by me touching this subject—that no Federal judge shall issue an injunction or restraining order against a State officer or enjoin a State statute. That is to say that, whenever a State like Virginia, or North Carolina, or Alabama, or Missouri, or Pennsylvania, or any other State has enacted a solemn statute, there shall be some presumption in favor of the justice and validity of the statute,

and Federal judges shall cease to enjoin them, at least "before final judgment on the merits of the case."

Now, gentlemen, we can afford to go that far. I would even go further, if I had my way. I would provide that where a corporation or an individual attacks the validity of a State statute they should raise that defence in the courts of the State, and if they have a Federal question involved in their litigation the case should go by writ of error from the court of last resort of the State to the Supreme Court of the United States. Let us not deprive any citizen or any corporation in this broad land of the privilege of going into the Federal courts and adjudicating their rights. Let us not take from them any right that is guaranteed by the Constitution and the statutes. Throw wide the doors of the Federal courts and the State courts as well to every citizen and corporation who has a right to assert. But, Mr. Chairman, when a Federal judge can enjoin a solemn act of a State acting within its inherent sovereignty the time has come when we should have legislation preventing such exercise of Federal power. Not many months ago when a railroad corporation in Missouri applied to Judge Smith McPherson to enjoin the 2-cent passenger-fare law of the State of Missouri he said:

"Gentlemen, the solemn enactments of the State of Missouri are entitled to some consideration, and I will not enjoin the enforcement of this State law, restraining the officers of the sovereign State of Missouri. I will allow it to be in operation for some time and see if it confiscates your property, as you say."

[Loud applause.]

Such is the true doctrine that should actuate a Federal judge. But it finds lodgment in the breasts of very few.

THOMAS HACKNEY [Mo.].—I wish to make the suggestion that such order was made against the railroad companies a year ago, and they have made no application to have the injunction issue.

MR. HENRY.—I am glad the gentleman has made that statement, and desire to say that I understand the railroads have found remunerative business in carrying passengers at the rate of 2 cents per mile, although they swore in their *ex parte* affidavit that their property was being confiscated. [Applause.] Mr. Chairman, give the other side a hearing, give them an opportunity, and, whenever a State in this Union passes a law, the presumption should be that it is acting within the scope of its constitutional authority and in accordance with the Constitu-

tion of the United States. [Applause.] For the just Federal judge who respects his oath and the Constitution, who recognizes the rights of the States have not been surrendered to any other power, who believes that the people of the States have retained some powers, I have a wholesome respect. But I fail to see the goodness and patriotism of those who would spit upon State statutes, as has been done in Virginia, North Carolina, Alabama, and other States. [Applause.]

Let me call your attention to another fact. In many instances where corporations have taken their cases to the Supreme Court of the United States, that court has held that the State statutes are constitutional and that they should not have been enjoined.

Such legislation as I propose will come. We will all live to see the time when it will be law. There will be jury trial in contempt cases. The American people will have it, and, though justice may be tardy, it is certain. The power of Federal judges will be curbed. The period is rapidly approaching when those whom you choose to call the laboring people will come into their rights. They are asking for nothing more than that which should be accorded to every honest and patriotic American citizen.

Let me warn the Republican side of this House that, while these people have patiently waited while demanding relief from you, they have done so for the last time. They will do so no longer. The party which I represent is ready to heed their just demands. We are ready to join hands with you and be just. Help us to command the Speaker in his high place, surrounded by his arbitrary Committee on Rules, and these just measures will be speedily presented to the American people as solemn statutory enactments. [Loud applause.]

On April 20, 1908, Sereno E. Payne [N. Y.] introduced in the House the following bill:

Be it enacted, etc., That hereafter no preliminary injunction nor restraining order shall be granted by any judge or court without notice to the party sought to be enjoined or restrained, unless it shall appear to the satisfaction of the court . . . that the immediate issue of such injunction or restraining order is necessary to prevent irreparable injury.

Sec. 2. That any such injunction or restraining order granted shall contain a rule on the opposite party to show cause within five days why (it) shall not be continued.

This bill, as well as others on the subject, was referred to the Judiciary Committee. The general discussion came up in the House on May 26, 1908.

Injunctions by Federal Courts

House of Representatives, May 26-30, 1908

Mr. Henry.—The President, many Senators of the United States, and a multitude of Representatives believe that inferior Federal judges should be curbed in relation to issuing restraining orders and injunctions. There is a widespread sentiment throughout the country that such legislation is necessary, and there has been and is now a strong popular demand for a law governing the issuance of restraining orders and injunctions. On the 10th day of April, 1906, it was my proud privilege to introduce the first bill amending the statutes in relation to granting restraining orders and injunctions by Federal courts. Since then many Representatives of both parties have introduced measures substantially like the one presented by me. At each session of Congress since that time it has been my privilege to reintroduce the same bill.

On April 3, 1893, Circuit Judge William H. Taft, now Secretary of War and probable nominee for the Presidency, rendered the following opinion in what is known as the "Ann Arbor case":

DECISION OF JUDGE TAFT

The Toledo, Ann Arbor and North Michigan Railway Company, complainant, *v.* The Pennsylvania Company *et al.*, defendants.

This is a motion by the complainant for a temporary injunction—to remain in force pending this action—against P. M. Arthur, the chief executive of the Brotherhood of Locomotive Engineers and a defendant herein, to restrain him from issuing, promulgating, or continuing in force any rule or order of said Brotherhood which shall require or command any employees of any of defendant railway companies herein to refuse to handle and deliver any cars of freight in course of transportation from one State to another, to the complainant, or from refusing to receive and handle cars of such freight which have been hauled over complainant's road, and also from in any way, directly or indirectly, endeavoring to persuade or induce any of the employees of the defendant railway companies, whose lines connect with the railroad of complainant, not to extend to said company the same facilities for interchange of interstate traffic as are extended by said companies to other railway companies. A temporary restraining order to this effect was issued by me against Arthur *ex parte*. A hearing has since been had, and the question now is whether, on the evidence produced, the order shall be continued in force until the final decision of the case.

Judge Taft continued the temporary injunction.

On July 13, 1894, Circuit Judge Taft rendered the following opinion in the case of Thomas *v.* Cincinnati, N. O. & T. P. Ry. Co., which discusses at great length the proposition involved in the above bill and one hereinafter to be set out:

Samuel M. Felton is receiver of the Cincinnati, New Orleans and Texas Pacific Railway Company, which is more commonly known as the "Cincinnati Southern Railroad." On Monday, July 2, 1894, he filed an intervening petition in the original action, in which he stated that during the previous week and at the time of filing the petition he was greatly impeded in the operation of the road by a strike of his employees and of the employees of other railroads in the city of Cincinnati, who were prevented from receiving from him and delivering to him freight carried or to be carried over his road; that said strike was the result of a conspiracy between one F. W. Phelan, now of Cincinnati, and one Eugene V. Debs and others, to tie up the road operated, as the said conspirators well knew, by the petitioner as receiver, and other roads in the Western States of the United States, until certain demands or alleged grievance of certain persons not in the employ of the receiver or of any other railroad of the United States were acceded to by persons in no manner connected with the management of any railroad of the United States; that the demand of the employees of one George M. Pullman, or of the Pullman Palace Car Company, at Pullman, Ill., for higher wages was refused, whereupon said Debs, Phelan, and others, members of an organization known as the "American Railway Union," combined and conspired with each other and with sundry persons, who became members of the organization for the purpose to compel the Pullman Company to comply with the demands of its employees, and that for the purpose of injuring the Pullman Company, and of thereby forcing from it the concession demanded, Debs, Phelan, and the others named had maliciously conspired and undertaken to prevent the receiver of this court and the owners of other railroads from using Pullman cars in operating their roads, though they are under contract to do so; that, in pursuance of said conspiracy, Phelan, a resident of Oregon, came to Cincinnati a week before the filing of the petition and set on foot and incited a strike among the employees of the receiver and of other railroad companies whose lines run into Cincinnati; that on June 27th and at other times and places Phelan made inflammatory speeches to such employees, well knowing many of them to be employees of the receiver, in which he urged them all to quit the service of the receiver and the other railroads of the city, and to tie them all up, and to prevent others from taking their places, by persuasion, if possible, by clubbing, if necessary; that said Phelan was still in the city, directing and continuing the strike and interfering with the receiver in the operation of the road; that as a result of the conspiracy and strike the receiver has been obliged at great expense to secure and maintain the protection of armed men for his employees, and that all of the foregoing constituted a contempt of this court and a ground both for committing Phelan and for enjoining him from a continuance of said acts.

Upon the filing of the petition an attachment was issued for Phelan, the contemner, and on the morning of the 3d of July he was arrested and brought before the court. He was admitted to bail, and at the same time was enjoined by the order of the court from, either as an individual or in

combination with others, inciting, encouraging, ordering, or in any other manner causing the employees of the receiver to leave his employ with intent to obstruct the operation of his road, and thereby to compel him not to fulfill his contract and carry Pullman cars. On Thursday, July 5, the motion of the receiver for Phelan's commitment came on to be heard.

The substance of Judge Taft's decision was as follows:

Any willful attempt, with knowledge that a railroad is in the hands of the court, to prevent or impede the receiver thereof appointed by the court from complying with the order of the court in running the road, which is unlawful, and which, as between private individuals, would give a right of action for damages, is a contempt of the order of the court.

Maliciously inciting employees of a receiver, who is operating a railroad under order of the court, to leave his employ, in pursuance of an unlawful combination to prevent the operations of the road, thereby inflicting injuries on its business, for which damages would be recoverable if it were operated by a private corporation, is a contempt of court.

Such inciting to carry out an unlawful conspiracy is not protected by constitutional guaranties of the right of assembly and free speech, and is not less a contempt because effected by words only, if the obstruction to the operation of the road by the receiver is unlawful and malicious.

A combination to inflict pecuniary injury on the owner of cars, operated by railway companies under contracts with him, by compelling them to give up using his cars, in violation of their contracts, and, on their refusal, to inflict pecuniary injury on them by inciting their employees to quit their services, and thus paralyze their business, the existence of the contracts being known to the parties so combining, is an unlawful conspiracy.

A combination by employees of railway companies to injure in his business the owner of cars operated by the companies, by compelling them to cease using his cars by threats of quitting and by actually quitting their service, thereby inflicting on them great injury, where the relation between him and the companies is mutually profitable and has no effect whatever on the character or reward of the services of the employees so combining, is a boycott and unlawful conspiracy at common law.

A combination to incite the employees of all the railways of the country to suddenly quit their service without any dissatisfaction with the terms of their employment, thus paralyzing utterly all railway traffic, in order to starve the railroad companies and the public into compelling an owner of cars used in operating the roads to pay his employees more wages, they having no lawful right so to compel him, is an unlawful conspiracy by reason of its purpose, whether such purpose is effected by means usually lawful or otherwise.

Such combination, its purpose being to paralyze the interstate commerce of the country, is an unlawful conspiracy within the act of July 2, 1890, declaring illegal every contract, combination, or conspiracy in restraint of trade or commerce among the several States. (U. S. *v.* Patterson, 55 Fed. 605, disapproved.)

Such combination, where the members intend to stop all mail trains as well as other trains, and do delay many, in violation of Revised Statutes, Section 3,995, punishing anyone willfully and knowingly obstructing or retarding the passage of the mails, is unlawful conspiracy, although the obstruction is effected by merely quitting employment.

It follows that the contemner is guilty as charged and it only remains to impose the sentence of the court. This is in the discretion of the court to be exercised on any information in reference to the convicted person which the court believes to be reliable. The court would be much more disposed to leniency in this case if the contemner, after his arrest, had shown the slightest regard for the order of the court which the receiver was attempting to comply with in the operation of the road. Even if he did not fully realize his position in this respect, his arrest, and the service of the intervening petition, together with the restraining order, should have quickened his conscience and his perception of his duty in this regard. What did he do? Instead of ceasing to incite the receiver's employees to leave his employ in pursuance of his unlawful conspiracy, there has been no change whatever in his course from that pursued by him before his arrest. By speeches every night since the arrest he has aggravated his contempt. On the night of July 4, 1894, in a speech to railroad employees of this city, it is in evidence that the contemner said, referring to this trial:

"I don't care if I am violating injunctions. No matter what the result may be to-morrow, if I go to jail for sixteen generations, I want you to do as you have done. Stand pat to a man. No man go back unless all go, and all stay out unless Phelan says go back."

The punishment for a contempt is the most disagreeable duty a court has to perform, but it is one from which the court can not shrink. If orders of the court are not obeyed, the next step is unto anarchy. It is absolutely essential to the administration of justice that courts should have the power to punish contempts and that they should use it when the enforcement of their orders is flagrantly defied. But it is only to secure present and future compliance with its orders that the power is given, and not to impose punishment commensurate with the crimes or misdemeanors committed in the course of contempt, which are cognizable in a different tribunal or in this court by indictment and trial by jury. I have no right, and do not wish, to punish the contemner for the havoc which he and his associates have wrought to the business of this country and the injuries they have done to labor and capital alike, or for the privations and suffering to which they have subjected innocent people, even if they may not be amenable to the criminal laws therefor. I can only inflict a penalty which may have some effect to secure future compliance with the orders of this court and to prevent willful and unlawful obstructions thereof.

After much consideration, I do not think I should be doing my duty as a judicial officer of the United States without imposing upon the contemner the penalty of imprisonment. The sentence of the court is that Frank W. Phelan be confined in the county jail of Warren County, Ohio, for a term of six months. The marshal will take the prisoner into custody and safely convey him to the place of imprisonment.

Mr. Henry continued:

The Democrats in the House of Representatives have frequently insisted on the passage of this bill and have challenged the Republican party to aid in its enactment. On many occasions Democrats in the House of Representatives have appealed to the Republican party and to the Speaker to permit the con-

sideration of such a measure, and have met only with constant denial and scorn.

On May 30, Charles E. Littlefield [Me.] made an exhaustive speech on the general subject of injunctions.

In the matter of the use and abuse of injunctions in labor controversies so much is repeatedly and insistently said, and so vigorously have the courts been denounced, that I think it may be safely said that the impression generally prevails that there has been and still is more or less abuse of judicial discretion in controversies of that character. I am free to admit that, in a general way, I entertained that impression myself, until I made the investigation to which I shall now refer.

The assertions have hitherto been general and indefinite in character. It seemed to me that at this time it was both wise and proper that the parties making these assertions and engaged in wholesale denunciations of the courts should be required to specify the instances of abuse and call attention to the circumstances under which they claim judicial discretion has been abused and the power of granting injunctions in labor controversies has been oppressively or improperly exercised.

With that in view, on the 5th of February, 1908, when Mr. T. C. Spelling, the attorney representing the American Federation of Labor, appeared before the Judiciary Committee to urge the enactment of the Pearre bill, I took occasion to ask Mr. Spelling if he would be kind enough to specify the cases of injunctions where instances of abuse had occurred, and point out the circumstances connected therewith, also to give a list of cases where injunctions have been unlawfully ordered. Mr. Spelling replied that there were a great many such cases, and that he would furnish the required information or have it done.

This was on the 5th of February, 1908. It is proper to remark that up to to-day Mr. Spelling has not filed a single one of "the great many cases" he claimed existed.

Samuel Gompers, who appeared before the committee on the 24th of February, was requested to file everything he had in that line, but nothing was filed with the committee until about the 6th or 7th of May, when a mass of material, some of it relating to State injunctions, some of it having no connection with injunctions, some of it being injunction orders and opinions relating thereto, was filed. No criticism of any injunction order or decree was filed with this material, and, although I specifically requested the gentlemen representing this body to file

with the other data such criticism as they had to make of these injunctions or orders, they absolutely declined to file any criticism whatever.

I shall introduce as an appendix an abstract of the material thus filed, so far as it relates to injunctions and decrees and the action of the courts thereon. This abstract was made by Mr. J. A. Emery, a lawyer of ability and experience, and I rely on the results of his work in my discussion thereof.

The papers thus filed show only twenty-three Federal decisions, orders, or complaints, beginning with an injunction issued December 19, 1893, by Judge Jenkins in the case of The Farmers' Loan and Trust Company *v.* The Northern Pacific Railroad (60 F. R., 803), being the celebrated Jenkins case, involving the Order of Railway Trainmen.

Of these twenty-three decisions, two are of the supreme court of the District of Columbia—Bender *v.* Union and the Bucks Stove and Range Company *v.* the American Federation of Labor.

In the Bucks Stove and Range case, on the motion to make the injunction permanent, the defendants did not contest the decree, which was made final without argument or criticism, and it is still uncertain whether or not their appeal from the final order will be perfected.

In the Bender case, after notice and full argument, the court declined to issue a preliminary injunction. The matter was then carried forward and heard on the pleadings and proofs, on motion for a permanent injunction, which motion the court granted. After full argument the court took the matter under advisement, and then ordered a final writ of injunction to issue. From this decree the respondents entered an appeal. This appeal has since been withdrawn. Such withdrawal operates as a confession by respondents that their case upon the facts was hopeless and unworthy of further contention. If these two cases are characteristic of the twenty-three, they are all above criticism.

In the celebrated Jenkins case the judge has been vigorously assailed for his action, and in connection therewith was threatened with impeachment proceedings before the Judiciary Committee. In this case the Northern Pacific Railroad Company, having gone into the hands of receivers, two days after their appointment a reduction of from 10 to 20 per cent. was ordered in the salaries of employees. The employees threatened to strike to prevent the carrying out of this order, and the receivers applied to the court to restrain the men from executing

their threat. Judge Jenkins issued a preliminary injunction containing the following clause:

> And from ordering, recommending, approving, or advising others to quit the service of the receivers of the Northern Pacific Railroad on January 1, 1894, or at any other time.

Judge Jenkins subsequently modified the preliminary injunction by striking out this clause. This case was carried on appeal from his refusal to further modify his injunction to the circuit court of appeals. The opinion of the court of appeals was drawn by Mr. Justice Harlan, of the Supreme Court of the United States.

Mr. Justice Harlan discussed the issues in an elaborate and exhaustive opinion. It appears that it was contended on appeal that the circuit court exceeded its powers when it enjoined the employees of the receivers "from combining and conspiring to quit with or without notice the service of said receivers, with the object and intent of crippling the property in their custody or embarrassing the operation of said railroad, *and from so quitting the service of said receivers with or without notice as to cripple the property or prevent or hinder the operation of said railroad.*"

The court held that this clause embodied two distinct propositions—one relating to combinations and conspiracies to quit the service of the receivers, "with the object and intent of crippling the property . . . or embarrassing the operation of the railroads in their charge"; the other having no reference to combinations and conspiracies to quit, or to the object and intent of quitting, but only to employees "so quitting" as to "cripple the property or prevent or hinder the operation of the railroad."

The court held that the court below (Judge Jenkins) should have eliminated from the writ of injunction the words:

> And from so quitting the service of said receivers with or without notice as to cripple the property or prevent or hinder the operation of said railroad—

but upheld the injunction in all other respects.

On the other question of the distinction between the two propositions the court said, after having called attention to the fact that the employees as a body had a right to demand given rates as a condition for their remaining in service and to withdraw from service if these were not granted to them, without

reference to the effect upon the property or upon the operation of the road:

> But that is a very different matter from a *combination and conspiracy* among employees, with the *object and intent*, not simply of quitting the service of the receivers because of the reduction of wages, but of *crippling the property* in their hands, and *embarrassing the operation* of the railroad.

In his order modifying the injunction and the reasons given therefor Mr. Justice Harlan simply emphasizes the familiar and well-established distinction between acts done or strikes inaugurated in pursuance of and for the purpose of carrying out a conspiracy and such acts entirely disconnected with such conspiracy.

Judge George Gray, in his celebrated decision in the anthracite coal strike case, concurred in by every other member of the commission, which included Carroll D. Wright, John M. Wilson, John L. Spalding, Edgar E. Clark, Thomas H. Watkins, and Edward W. Parker, one of whom, Mr. Clark, was a specific representative on the commission of organized labor, said:

> Our language is the language of a free people and fails to furnish any form of speech by which the right of a citizen to work when he pleases, for whom he pleases, and on what terms he pleases can be successfully denied. The common sense of our people, as well as the common law, forbids that this right should be assailed with impunity. . . . The right thus to work can not be made to depend upon the approval or disapproval of the personal character and conduct of those who claim to exercise this right. If this were otherwise, then those who remain at work might, if they were in the majority, have both the right and power to prevent others who choose to cease work from so doing.
>
> This all seems too plain for argument. Common sense and common law alike denounce the conduct of those who interfere with this fundamental right of the citizen. The assertion of the right seems trite and commonplace, but that land is blessed where the maxims of liberty are commonplaces.

The right to work and the right to employ are very obviously correlative rights. And this right to employ, it may be said, has been distinctly sustained by the Supreme Court of the United States in the Adair case.

In the case of Hitchman Coal and Coke Company *vs.* Mitchell *et al.* employees, who were to be displaced by union labor, were under specific and express contracts. It has always been held that a conspiracy to induce the violation of such contracts is restrainable as an infringement of a clear legal right. The authorities are innumerable in sustaining this proposition and no authority can be found that denies it, and it should be remem-

bered that Judge Dayton's order in this particular case was expressly predicated upon the knowledge of the defendants of the existence of such contracts and their deliberate purpose to induce their violation.

This was one of the grounds upon which the court proceeded in the case of Thomas *v.* Cincinnati, New Orleans, and Texas Pacific Company (62 F. R., 803), in which the able opinion was drawn by Hon. William H. Taft; and the action of Judge Taft in this case is a specific precedent on all fours justifying the action of Judge Dayton in issuing this injunction. He said: "The breach of a contract is unlawful. A combination with that as its purpose is unlawful and is a conspiracy."

The contemplation of these salient and uncontrovertible facts must tend to a feeling of humiliating chagrin on the part of those zealous and earnest gentlemen who in season and out of season have been boiling their vicarious and baseless indignation over the action of Judge Dayton in this case.

HAS CONGRESS POWER TO LIMIT OR CONTROL THE JUDICIAL POWER OF A COURT OF EQUITY

I premise the legal discussion of this question by the statement, which must be obvious, that I can not expect to exhaustively discuss any of the propositions involved. The most that I can attempt to do is to lay down, so far as I can, the foundation principles—legal and constitutional—involved in this question.

The question goes to the very foundation of our whole constitutional system. As I understand our form of government, it involves the exercise of three great coördinate, independent powers—the executive, legislative, and judicial. Each of these powers within its own constitutional sphere is absolutely supreme and independent and can not be controlled or interfered with by any of the other powers.

DISTINCTION BETWEEN JURISDICTION AND JUDICIAL POWER

The Constitution of the United States, section 1, Article III, says:

> The judicial power of the United States shall be vested in one Supreme Court and in such inferior courts as the Congress may from time to time ordain and establish.

While it is true that Congress may ordain and establish inferior courts, and in a sense create them and in the same sense can destroy them, when once ordained and established and their jurisdiction is defined, the source from which they derive their judicial power is the same.

Section 2 provides that the judicial power shall "extend to all cases in law and equity arising under this Constitution," etc. The jurisdiction once defined, my belief is that within the limits of the jurisdiction, the court having the jurisdiction of the subject-matter and the parties, the judicial power to be exercised by it is beyond the power of the legislature to either impair, modify, or control.

I submit that while jurisdiction may be defined by the legislature the judicial power is conferred by the Constitution itself. The legislature may limit the jurisdiction of the court to the parties and the subject-matter, but within those limitations it can not impair the exercise of the judicial power.

There are those who seem to entertain the view that there is in some way a distinction in this respect between inferior courts that Congress may from time to time ordain and establish and the Supreme Court, on the ground that the Supreme Court is by name mentioned in the Constitution and that the inferior courts are to be created by the Congress. And it is contended that inasmuch as Congress has the power to create a court it has the power to destroy it, and if it can destroy in whole it can destroy in part, and if it can destroy in part it can impair or modify the judicial power of an inferior court, because that is not a court created by the Constitution.

In my judgment this distinction has no warrant either in reason or authority.

While Congress does "ordain and establish inferior courts" by the express provision of the Constitution, it is also true that, as an effective instrumentality for the administration of justice, the Congress ordains and establishes the Supreme Court itself. The Constitution does not provide of how many judges that court shall consist, nor does it provide when or where it shall sit, or how its decrees shall be enforced, or how its procedure shall be regulated. It is a practical impossibility for the Supreme Court, *ex proprio vigore*, without the necessary machinery provided by the legislature, to perform effectively any of its judicial functions. Therefore the constitutional distinction that is said to exist between it and the inferior courts as to "judicial power," because of the power of Congress to "ordain and establish inferior courts" and because of its assumed lack of power over ordaining and establishing the Supreme Court as an effective judicial instrumentality, has no substantial, logical, or constitutional basis upon which to rest.

THE COURT CAN NOT BE DEPRIVED OF THE RIGHT TO PUNISH FOR CONTEMPT

In the message of President Roosevelt, under date of April 27, 1908, he says:

> In contempt cases, save where immediate action is imperative, the trial should be before another judge.

In Secretary Taft's reply to the president of the Mine Workers' Association some two or three months since he suggested not only that there should be notice and hearing before any injunction was issued in labor controversies, but that the hearing upon the question of contempt should be before another judge; and the recommendation of the President in his message of April 27 is precisely in line with the reply of Secretary Taft to the president of the Mine Workers' Union. And the first question I wish to call attention to is whether or not it would be competent for the Congress to deprive the judge, while sitting as a court where a contempt is committed, of the power of protecting his own court by his own decree and determining the facts himself, by transferring that right to another judge, or, as suggested in some of the remedies proposed, to a jury for determination.

The opinions of the court upon this question are not open to misconstruction. In the case of Little *vs.* The State (90 Ind. 339) the court said:

> Among the *inherent powers* of a court of superior jurisdiction is that of maintaining its dignity, securing obedience to its process and rules, protecting its officers and jurors from indignity and wrong, rebuking interference with the conduct of business, and punishing unseemly behavior. *This power is essential to the existence of the court.* Without the power *to punish for contempt*, no others could, as decided in United States *v.* Hudson, *be effectively exercised.* There is no doubt that the power to punish for contempt is an *inherent one, for, independent of legislation, it exists and has always existed in the courts of England and America.* It is, in truth, *impossible to conceive of a superior court as existing without such a power.*
>
> The legislature may regulate the exercise of this power—may prescribe rules of practice and procedure, but it can neither take it away nor *materially impair it.*

It is also to be observed that, while a violation of an order of the court in connection with labor controversies may result in the commission of a crime, it is at the same time a violation of the order, and it is for the violation of the order and not for the commission of a crime that the respondent, under such

circumstances, is punished by the court. While the respondent in such a case in violating the order of the court may have by the same act committed a crime, either against the State or against the Federal jurisdiction, he can be punished for that and also punished by the court for the violation of its order, the two being entirely distinct and independent legal proceedings, and having, so far as the remedy or the offence is concerned, no connection whatever with each other.

This whole subject of contempt, and the power of the court relative thereto, and the distinction to which I have just adverted are thoroughly gone over by the court in its opinion in the case of *In re* Debs (158 U. S., 594), the opinion being drawn by Mr. Justice Brewer, speaking for a unanimous court. In the course of the opinion, in discussing the power of the court to protect itself by punishing disobedience of its orders as a contempt, the court said:

> But the power of a court to make an order carries with it the equal power to punish for a disobedience of that order, and the inquiry as to the question of disobedience has been, from time immemorial, the *special function of the court.* And this is no technical rule. In order that a court may compel obedience to its orders it must have the right to inquire whether there has been any disobedience thereof. To submit the question of disobedience *to another tribunal, be it a jury or another court, would operate to deprive the proceeding of half its efficiency.* In the case of Yates (4 Johns., 314, 369) Chancellor Kent, then Chief-Justice of the Supreme Court of the State of New York, said:
>
> "In the case of the Earl of Shaftesbury (2 St. Trials, 615; S. C. 1 Mod., 144), who was imprisoned by the House of Lords for 'high contempts committed against it,' and brought into the king's bench, the court held that they had no authority to judge of the contempt, and remanded the prisoner. The court in that case seems to have laid down a principle from which they never have departed, and which is essential to the due administration of justice.

I feel bound to say that I must part company with the President and the Secretary and stay with the court and its solemn determination, and under no circumstances will I consent to the enactment of any legislation that will be thus in violation of what I believe to be profound, inherent, essential, fundamental principles.

The legislature has no power to deprive the court of the inherent right to protect itself, and, if it had, I could not agree to legislation that would *"be a disgrace to the legislation and a stigma upon the age which invented it."*

It can not be necessary, in general, for me to further elaborate the proposition that the basis of the charge of the

labor organizations against the courts proceeds entirely and absolutely from an incorrect hypothesis. The contempt proceedings of which they complain always arise where specific orders of the court have been violated. The parties are punished by the court, not because they have committed crimes, not because the act itself may have been the commission of a crime, but because the act is a violation of the specific order of the court, and it is to maintain its dignity and enforce its decrees that the parties, under such circumstances, are held for contempt.

THE CONSTITUTIONAL RIGHT OF EQUITABLE PROCEDURE

Thus far the discussion has involved the inviolability of the judicial power in general and the constitutional right of the citizen to its full, unlimited, and unhampered exercise. I think it is equally well settled that the Constitution as clearly guarantees to each citizen the right to the exercise by the chancellor of the full equity power of the court.

In the case of Callaman *vs.* Judd *et al.* (23 Wisc., 350) the court said:

> When the Constitution vested in certain courts judicial power as to matters in equity, it clothed them with this power, as one of the established elements of judicial power in equity, so that the legislature can not withdraw it and confer it upon juries.

RELIEF BY INJUNCTION IS AN INHERENT EQUITY POWER

What, then, is the equity power so far as the right to injunctive relief is concerned?

In the case of State of Pennsylvania *vs.* The Wheeling, etc., Bridge Co. *et al.* (13 Howard, 563) the Supreme Court of the United States held:

> In exercising this jurisdiction the courts of the Union are not limited by the chancery system adopted by any State, and they exercise their functions in a State where no court of chancery has been established. *The usages of the high court of chancery in England*, whenever the jurisdiction is exercised, govern the proceedings. This may be said to be the common law of chancery, and since the organization of the Government it has been observed.

A reference to Eden on Injunctions (1821), an English work, discloses the universal and immemorial practice of issuing restraining orders without notice and without hearing where the chancellor is confronted with threatened irreparable harm with an inadequate remedy at law.

The obvious purpose of a restraining order is to maintain the *status quo* until a hearing can be had upon the merits.

Under the Constitution the citizen can not be deprived of life, liberty, or property without due process of law. When the citizen presents to the court in equity a state of facts showing threatened irreparable harm with an inadequate remedy at law, "due process of law" in "controversies dealt with by equitable methods" entitles him to the issuance without notice and hearing of a temporary restraining order, to preserve his property until a hearing can be had upon the merits. If the order is issued, his property is preserved. The denial of this "due process of law" may, and probably would, result in the destruction of his property. Here the legislature steps in and by its arbitrary act declares that under no circumstances shall the suitor have his constitutional right to "due process of law" accorded to him until a notice shall have been given and a hearing had, which will precipitate the destruction of his property, leaving him without an adequate remedy at law, and depriving "due process of law" of all of its value. What answer is there to the proposition that such legislation deprives the citizen of his property "without due process of law" in violation of the fifth amendment to the Constitution?

I do not believe that the legislature has the power to thus impair the equitable methods of procedure which, under the authorities cited, are guaranteed to the citizen as inviolably as is the right of trial by jury in actions at law.

THE ACT OF 1793

There is apparently some misconception of the circumstances under which this old statute of 1793 ceased to be a part of the statute law. The gentleman from Texas [Mr. Henry] expressed what is no doubt the prevailing misconception in relation thereto.

The statement of the gentleman from Texas is erroneous in three particulars: First, the original statute did not apply to a temporary restraining order, but applied only to the writ of injunction; second, the alleged change was not the result of an inadvertence; and, third, it was not made when the statutes were recodified.

The alleged change in the law was by no means an inadvertence, but was deliberate and premeditated. The debate that occurred in the Senate shows that at that time at least the practice was universal for the courts of equity to grant tem-

porary restraining orders without notice and hearing when they were confronted with threatened irreparable harm.

It is very clear that Congress understood that, in making this section a part of a general statute, they were putting into statutory form the existing law.

There is another phase of this subject which shows that a requirement of notice and hearing would deprive the writ of injunction of all of its value in labor controversies. It is perfectly competent, and it is the usual practice, for the court, in issuing an injunction to restrain the carrying out of a conspiracy, to make the injunctive order to run not only against the respondents named, but against all other persons conspiring, combining, and confederating with them. It not only restrains the individuals named, but it prevents the enlarging and spreading of the conspiracy by preventing others, not named and not known when the order is applied for and issued, from joining and making general such a conspiracy. The necessity for this in a labor controversy is too apparent for discussion. Without the power to issue such an order in the vast majority of instances, the writ would be for all practical purposes a nullity. Such an order, however, could under no circumstances be issued under the legislation proposed, as each person to be affected by the order must have notice and hearing before the order is made.

There can be no question under the provisions of the fourteenth amendment—which provides that no State shall deprive "any person of life, liberty, or property without due process of law, nor deny to any person within its jurisdiction the equal protection of the laws"—that legislation of this character would be clearly unconstitutional if enacted by a State.

If a State legislature undertook to control the judicial power of a court of equity so that it could exercise its protecting power to conserve the safety of persons and property in all cases except labor controversies, it would be clearly the exercise of class legislation, partial in its character. It would deny to the plaintiff, whose property was threatened by a labor conspiracy, the protection of the law guaranteed by the Constitution, while giving to every other litigant in connection with every other controversy that protection. The State courts, as well as the courts of the United States, when confronted with such an attempt to deprive the citizen of the equal protection of the law, would wipe such a law from the statute book as quickly as hoar frost vanishes before the morning sun.

For both of these reasons, then, Mr. Speaker—because the

legislature has no power to restrain the court in its right to issue a temporary restraining order and because it has no right to pass any legislation discriminating between classes, in addition to the practical difficulty of the substantial destruction of the equity power as a remedial process, I am unalterably opposed to legislation of this character.

The issues tendered by the leaders of the labor organizations are, shall the boycott and black-list be legalized or penalized, and shall the right to do business be outlawed, or shall it be maintained. On these issues I am unalterably against the boycott and black-list, and I stand unqualifiedly for the maintenance of the right to do business and its protection by the law. These issues transcend in their vital importance all the issues that now divide the two great political parties. Any candidate, from the Presidency down, that either truckles, or panders, to such a propaganda in either the Democratic or Republican party deserves to go down in overwhelming defeat.

With reference to this legislation and the action that should be taken thereon, I know not what course others may take, and I think I may be pardoned for going so far as to say I care not what course others may take, but, as for me, I propose to base my action upon considerations which I believe to be elemental and fundamental. So far as I have the power to control or shape legislation, the legislation shall be upon the principles of the equality of all before the law—the high and the low, the rich and the poor, the weak and the strong, the oppressor and the oppressed, the wage-earner and the wage-payer, friend and foe shall receive from me the application of the same universally operating principles of fundamental eternal justice. Whenever I fail to be actuated by these principles, which I believe to be essential to the perpetuation of the constitutional government of a free people, may "my tongue cleave to the roof of my mouth, my right hand forget its cunning," and may I be "anathema maranatha."

On the same day (May 30, 1908) Henry D. Clayton [Ala.] gave a consensus of the recommendations on the question presented by President Roosevelt in his messages, the best of which, claimed Representative Clayton, had been "borrowed from Democratic platforms and other Democratic sources."

It may not be amiss for me now to invite attention to the failure of the Republican party, which is in control of both

branches of Congress, to enact the legislation recommended by the President.

On December 3, 1906, in his message to Congress the President said:

In my last message I suggested the enactment of a law in connection with the issuance of injunctions, attention having been sharply drawn to the matter by the demand that the right of applying injunctions in labor cases should be wholly abolished. It is at least doubtful whether a law abolishing altogether the use of injunctions in such cases would stand the test of the courts; in which case of course the legislation would be ineffective. Moreover, I believe it would be wrong altogether to prohibit the use of injunctions. It is criminal to permit sympathy for criminals to weaken our hands in upholding the law; and if men seek to destroy life or property by mob violence there should be no impairment of the power of the courts to deal with them in the most summary and effective way possible. But so far as possible the abuse of the power should be provided against by some such law as I advocated last year.

In this matter of injunctions there is lodged in the hands of the judiciary a necessary power which is nevertheless subject to the possibility of grave abuse. It is a power that should be exercised with extreme care and should be subject to the jealous scrutiny of all men, and condemnation should be meted out as much to the judge who fails to use it boldly when necessary as to the judge who uses it wantonly or oppressively. Of course a judge strong enough to be fit for his office will enjoin any resort to violence or intimidation, especially by conspiracy, no matter what his opinion may be of the rights of the original quarrel. There must be no hesitation in dealing with disorder. But there must likewise be no such abuse of the injunctive power as is implied in forbidding laboring men to strive for their own betterment in peaceful and lawful ways; nor must the injunction be used merely to aid some big corporation in carrying out schemes for its own aggrandizement. It must be remembered that a preliminary injunction in a labor case, if granted without adequate proof (even when authority can be found to support the conclusions of law on which it is founded), may often settle the dispute between the parties; and therefore if improperly granted may do irreparable wrong. Yet there are many judges who assume a matter-of-course granting of a preliminary injunction to be the ordinary and proper judicial disposition of such cases; and there have undoubtedly been flagrant wrongs committed by judges in connection with labor disputes even within the last few years, although I think much less often than in former years. Such judges by their unwise action immensely strengthen the hands of those who are striving entirely to do away with the power of injunction; and therefore such careless use of the injunctive process tends to threaten its very existence, for if the American people ever become convinced that this process is habitually abused, whether in matters affecting labor or in matters affecting corporations, it will be well-nigh impossible to prevent its abolition.

On December 3, 1907, the President said, in his message to Congress:

This question is becoming more and more one of prime importance, and, unless the courts will themselves deal with it in effective manner, it is

certain ultimately to demand some form of legislative action. It would be most unfortunate for our social welfare if we should permit many honest and law-abiding citizens to feel that they had just cause for regarding our courts with hostility. Moreover, discontent is often expressed with the use of the process of injunction by the courts, not only in labor disputes, but where State laws are concerned. I refrain from discussion of this question as I am informed that it will soon receive the consideration of the Supreme Court.

The Federal courts must of course decide ultimately what are the respective spheres of State and nation in connection with any law, State or national, and they must decide definitely and finally in matters affecting individual citizens, not only as to the rights and wrongs of labor but as to the rights and wrongs of capital; and the National Government must always see that the decision of the court is put into effect. The process of injunction is an essential adjunct of the court's doing its work well; and, as preventive measures are always better than remedial, the wise use of this process is from every standpoint commendable. But where it is recklessly or unnecessarily used the abuse should be censured, above all by the very men who are properly anxious to prevent any effort to shear the courts of this necessary power. The court's decision must be final; the protest is only against the conduct of individual judges in needlessly anticipating such final decision, or in the tyrannical use of what is nominally a temporary injunction to accomplish what is in fact a permanent decision.

On January 31, 1908, in a special message to Congress the President said:

I again call your attention to the need of some action in connection with the abuse of injunctions in labor cases. As regards the rights and wrongs of labor and capital, from blacklisting to boycotting, the whole subject is covered in admirable fashion by the report of the Anthracite Coal Strike Commission (of 1902), which report should serve as a chart for the guidance of both legislative and executive officers.

It is all wrong to use the injunction to prevent the entirely proper and legitimate actions of labor organizations in their struggle for industrial betterment, or under the guise of protecting property rights unwarrantably to invade the fundamental rights of the individual. It is futile to concede, as we all do, the right and the necessity of organized effort on the part of wage-earners and yet by injunctive process to forbid peaceable action to accomplish the lawful objects for which they are organized and upon which their success depends. The fact that the punishment for the violation of an injunction must, to make the order effective, necessarily be summary and without the intervention of a jury makes its issuance in doubtful cases a dangerous practice, and in itself furnishes a reason why the process should be surrounded with safeguards to protect individuals against being enjoined from exercising their proper rights. Reasonable notice should be given the adverse party.

If some way of remedying the abuses is not found the feeling of indignation against them among large numbers of our citizens will tend to grow so extreme as to produce a revolt against the whole use of the process of injunction. The ultra-conservatives who object to cutting out the abuses will do well to remember that if the popular feeling does become strong many of those upon whom they rely to defend them will be the first to

turn against them. Men of property can not afford to trust to anything save the spirit of justice and fair play; for those very public men who, while it is to their interest, defend all the abuses committed by capital and pose as the champions of conservatism will, the moment they think their interest changes, take the lead in just such a matter as this and pander to what they esteem popular feeling by endeavoring, for instance, effectively to destroy the power of the courts in matters of injunctions; and will even seek to render nugatory the power to punish for contempt, upon which power the very existence of the orderly administration of justice depends.

In a special message to Congress March 25, 1908, the President said:

I urge that action be taken along the line of the recommendations I have already made concerning injunctions in labor disputes. No temporary restraining order should be issued by any court without notice; and the petition for a permanent injunction upon which such temporary restraining order has been issued should be heard by the court issuing the same within a reasonable time—say, not to exceed a week or thereabouts from the date when the order was issued. It is worth considering whether it would not give greater popular confidence in the impartiality of sentences for contempt if it was required that the issue should be decided by another judge than the one issuing the injunction, except where the contempt is committed in the presence of the court, or in other case of urgency.

On April 27, 1908, in a special message to Congress the President said:

First, as to the power of injunction and of punishment for contempt. In contempt cases, save where immediate action is imperative, the trial should be before another judge. As regards injunctions, I ask that the power to grant them be limited in some such way as that I have already pointed out in my previous messages, for the very reason that I do not wish to see an embittered effort made to destroy it. In a democracy like ours it is idle to expect permanently to thwart the determination of the great body of our citizens. It may be, and often is, the highest duty of a court, a legislature, or an executive, to resist and defy a gust of popular passion; and most certainly no public servant, whatever may be the consequences to himself, should yield to what he thinks wrong. But in a question which is emphatically one of public policy, the policy which the public demands is sure in the end to be adopted; and a persistent refusal to grant to a large portion of our people what is right is only too apt in the end to result in causing such irritation that when the right is obtained it is obtained in the course of a movement so ill considered and violent as to be accompanied by much that is wrong. The process of injunction in labor disputes, as well as where State laws are involved, should be used sparingly, and only when there is the clearest necessity for it; but it is one so necessary to the efficient performance of duty by the court on behalf of the nation that it is in the highest degree to be regretted that it should be liable to reckless use; for this reckless use tends to make honest men desire so to hamper its execution as to destroy its usefulness.

Mr. Clayton then put on record the two bills of Mr. Henry.

Many of the laboring people of the country believe that these two measures, or either one of them, would largely lessen or prevent the injury sometimes done them by the injudicious and improper use of restraining orders and injunctions issued by United States courts and judges.

Mr. Clayton then put on record the bill of Mr. Payne.

Mr. Speaker, this last bill is, of course, only a pretence, and intended to muddy the waters.

Mr. Henry then placed on record the other bills upon the subject.

Mr. Speaker, none of these bills which I have inserted in the *Record* suggests anything very novel in the legislative and judicial history of the United States. The act of March 2, 1793, provided:

That writs of *ne exeat* and of injunction may be granted by any judge of the Supreme Court in cases where they might be granted by the Supreme or a circuit court; but no writ of *ne exeat* shall be granted unless a suit in equity be commenced, and satisfactory proof shall be made to the court or judge granting the same that the defendant designs quickly to depart from the United States; nor shall a writ of injunction be granted to stay proceedings in any court of a State; nor shall such writ be granted in any case without reasonable previous notice to the adverse party, or his attorney, of the time and place of moving for the same.

Note the part of this good and sound, if old, law about "staying proceedings in a State court" and about "reasonable previous notice" in all cases. Under this law our courts worked for seventy-odd years.

The old law of 1793 was repealed by omission by codifiers in revising the statutes, and never openly, bravely, or expressly. Yet we are charged as "revolutionists" because we wish virtually to reënact it.

Even Secretary Taft has acknowledged that such legislation ought to be had. He said in a letter to Ohio labor organizations not very long ago that he favored such legislation. I quote what he said [see page 322].

Mr. Speaker, from this record we may be justified in concluding that some in high official places have been attempting to play politics with the laboring people.

CHAPTER IX

Socialism

Sketch of Socialism and Its Growth in America—Speech of Victor L. Berger [Wis.], Socialist, in the House, on "The Necessity of a Workingman's Party": Questions, Objections and Remarks by John L. Garner [Tex.], Carl C. Anderson [O.], John J. Fitzgerald [N. Y.], Richmond P. Hobson [Ala.], Frank Buchanan [Ill.], Cyrus Cline [Ind.], James R. Mann [Ill.]—The Socialist Platform.

SOCIALISM may be generally defined as a movement for the realization of an economic system in which industry is directed by society for the common benefit and industrial competition between individuals is eliminated. In a more particular sense socialism is the movement to attain this end by political action, the term communism being reserved for those voluntary withdrawals from society as at present organized, and the establishment of coöperative commonwealths.

Communism was the first movement developed in this country, as in the world-at-large. A number of cooperative colonies were organized in the United States during the first half of the eighteenth century, modeled on the plans of the Frenchmen, Etienne Cabet, Count Henri de Saint-Simon, and Charles Fourier, and one (at Harmony, Ind.) was founded by Robert Owen, a British communist.

Louis Blanc [1811-1882] and Ferdinand Lassalle [1825-1864] were the connecting link between these early Communists and the present Socialists, in that they advocated political action in order to secure aid from the State for coöperative communities.

The founder of Socialism proper was Karl Marx [1818-1883], who, in his book, "Capital" [1867], denounced the entire system of our present politico-social

and exercise force in bringing about this result are revolutionary Anarchists.

Because of their common principle of voluntary association, all Anarchists are pure individualists. This principle was first enunciated by Pierre Joseph Proudhon [1809-1865] in his book, "What Is Property?" published in 1840. Proudhon enunciated the dictum, "All property is theft," claiming that property was the creation of human and not of natural law.

Mikhail Bakunin [1814-1876] developed Proudhon's theory into that of the coöperative commonwealth. Indeed, for a time he worked with Marx for its realization, but, differing diametrically in their theories, as we have seen, they parted company, and now their respective schools, while agreeing in opposition to the established order of society, are openly antagonistic. In the contest in this country Socialism has almost obliterated Anarchism as a practical force.

As the careful reader will have noted [see Vol. X, chapter II], the Single Tax philosophy stands midway between Socialism and Anarchism. With Socialism it holds that rent is a social product, and therefore should be used for public purposes. Unlike Socialism, however, it maintains that rent is the *only* social product, and upholds the absolute right of individuals to labor products. Like Anarchism, the Single Tax philosophy maintains that the Government should not concern itself with those economic matters which by nature are private affairs. But Anarchists hold that *all* economic matters are by nature private affairs, while the Single Taxers contend that, by the natural law which distributes product to producer, the rent, or "unearned increment" of land, should go to the public which created it, and therefore a government must exist in order to take it from the individuals in whose hands it necessarily accrues.

Socialism, having primary regard for the wage-earners, has been closely connected with the trades union movement in advocacy of measures such as legal limitation of the hours of labor and state regulations of its conditions.

organization as founded on the capitalistic principle, and therefore as unfit to be used as an instrumentality for the attainment of the coöperative commonwealth (or the social democracy, as it had come to be called) until this principle was eliminated.

Accordingly, the program of the Marxian Socialists in this country, as well as abroad, is, first, the capture, through the ballot, of the Government by the wage-earners, and then the establishment of public ownership and operation of all the means of production. In this term are included land (which Marx regarded as a form of capital) and capital in its orthodox acceptance: that is, labor products used for the production of wealth, such as machinery, factories, and (combined with land) railroads, and all forms of what are now called "public services."

A considerable number of Socialists in Great Britain and America, including many men and women of note in literature and art, while accepting in the main the economic theory of Marx, do not follow the program of the so-called "Marxians," but are "opportunists"—that is, they coöperate with existing political movements for reforms which tend toward socialism, such as the public ownership of social services, transportation, illumination, communication, etc. The center of this circle in Great Britain is the "Fabian Society," whence these "opportunists" there, as well as occasionally in America, are known as "Fabians."

The Socialists are often confounded with the Anarchists. This is a mistake, although a natural one, since both are striving for the same end, the coöperative commonwealth. But the Socialist would use all the powers of the State to this end, and, indeed, augment them, while the Anarchists (more properly the Anarchist-Communists) would abolish the present State, with its essential principle of legal compulsion, believing that there would arise in its place a voluntary association of men for mutual aid. Those who would use non-forcible means, such as education and the ballot, for such an end are called "philosophical Anarchists"; those who justify

Laying aside the early communistic experiments, such as Brook Farm, the Oneida Community, etc., Socialism proper may be considered to have been introduced into America from Germany in about 1848, when the revolutionary disturbances in that country caused many radicals to emigrate to the United States. Among these were formed gymnastic societies, or *"Turnvereine,"* which were, in the early days, avowedly Socialistic. The first of these was founded in New York City in 1850, and so rapidly did they spring up that, before the close of the year, there were a number formed in other places, all belonging to the Socialistic Gymnastic Union (*Socialistische Turner Bund*).

In 1868 the followers of Lassalle organized in New York City a Social Democratic party, which, in the following year, affiliated with the International Workingmen's Association founded in Europe in 1864 on the principles of Marx.

From the trades unionist in the United States a labor reform party was founded in 1868, and this was supported by Socialists. This soon passed out of existence.

In 1874 the Socialists formed a Social Democratic Workingmen's party at a convention held in Philadelphia in 1874. At a convention in New Jersey in 1877 the name was changed to Socialist Labor party, which is still retained by a branch of the movement.

In 1884 a great impetus was given to socialism in America by the publication of "The Coöperative Commonwealth," by Laurence Gronlund, an American citizen of Danish birth [1846-1899].

In 1886 the Socialists joined in with the United Labor Party which nominated Henry George for Mayor of New York City. The following year, however, when the party in convention at Syracuse, N. Y., nominated George for Secretary of State, it repudiated Socialism. This caused the Socialists to decide, in 1888, not to affiliate with any other party.

Thus far Socialism in America had been distinctly of a foreign cast, its leading exponents, such as Wilhelm Weitling [1808-1871], Daniel DeLeon [b. 1852], and

Gronlund, being of foreign birth. In 1888 the movement received powerful aid in the propagation among native Americans of its general spirit, although not of its special program, by the publication of a Socialistic novel, entitled "Looking Backward," by Edward Bellamy [1850-1898], a man of a long line of New England ancestors. From Bellamy's book, as well as a subsequent treatise, "Equality" [1897], sprang up a movement called nationalism, which, however, was more educational than partisan in its nature, and soon ceased to be a factor in American politics, its disciples affiliating themselves, when it came to political action, with the Socialists and the Populists.

In 1893 Julius A. Wayland [1854-1913] established a periodical called *The Coming Nation* at Greensburg, Ind. He was at first a "Utopian" Socialist—one who desires, by the establishment of an ideal Socialistic community to demonstrate to the rest of this country the advantages of coöperative over competitive industry. Wayland promoted such a colony at Ruskin, Tenn., but it was short-lived. Opponents of Socialism have held up its failure, as, indeed, that of a number of other similar colonies, as a demonstration of the impracticability of Socialistic theories, while Socialists, especially of the party of political action, have declared that the failure showed only the malignity of the universal competitive system in the country, which choked out every beginning, necessarily a feeble one, of coöperative organization. Accordingly, of late, they have frowned upon proposals to establish such communities, and have concentrated their energies upon capturing the national, State and municipal governments by the ballot. This accomplished, they intend to reorganize all public business on the coöperative principle, limiting competition to the purely private field and letting it strive there as best it can against voluntary coöperation.

Mr. Wayland was converted to this way of thinking, and, moving to Kansas, published at Girard a paper, *The Appeal to Reason,* which virtually has become the national organ of political Socialism.

The establishment of the American Railway Union in 1893, and the Pullman strike in the following year, says the writer of the article on Socialism in the "International Encyclopædia," are epoch-making in the history of American Socialism. Early in 1897 Eugene V. Debs, president of the Union, announced his conversion to Socialism, and he and Victor L. Berger, of Milwaukee, were largely instrumental in establishing the Social Democratic party.

After 1899 there were dissensions in the Socialist Labor Party, terminating in a complete split, one faction, and that rapidly becoming the larger, joining with the Social Democratic party, which thereupon adopted the name of the Socialist party.

This party has obtained some success at the polls. It has repeatedly nominated Mr. Debs for President, with successive increments of ballots, until, in 1912, he polled nearly a million votes.

In industrial States, such as Massachusetts, Connecticut, and New York, the Socialists, beginning in 1898, have elected members of the legislature, mayors of minor cities, etc. Western cities, such as the mining town of Anaconda, Mont., have also been carried at elections by the Socialists.

Milwaukee, Wis., having been largely settled by Germans, beginning with the revolutionary exiles of 1848, has been a center of Socialism, and in 1910 the Socialists elected Emil Seidel mayor of the city, and sent Victor L. Berger to Congress, the first of his party to enter the national legislature.

On July 18, 1912, Mr. Berger spoke in the House on the theme, "The Working Class Must Have Its Own Party to Give Expression to Its Own Class Interests."

The Necessity of a Workingman's Party

Victor L. Berger, M. C.

Fourth of July orators tell us that there are no classes in America, that in this country "men are born free and equal."

And there are still some persons in this country who believe that this being a Republic there are no classes.

It is true that interesting historical document, the Declaration of Independence, says that "all men are born free and equal." But that was not so, even at the time when the sentence was written. It is less so now.

Men are not born equal. They do not live as equals. They do not die as equals.

The child of the rich is surrounded by comforts and luxury even before it is born. It is raised with tender care. Danger and sickness are kept away from it. It has every advantage that our civilization affords. Unless killed by an accident or by yielding to the temptations which wealth affords, these children of fortune grow up to a ripe old age, honored and respected by everybody and especially by their children, who expect to inherit their wealth and their privileges.

How about the child of the poor? It is born in want and misery which had their beginning long before the child was born. More than half of the poor die before they are a year old. The child that survives and grows up to manhood or womanhood leads a life of toil and misery, filled with temptations of all kinds, which often lead to crime and prostitution. Old age means beggary or the poorhouse—at best, the aged poor are a great burden to their children. Many prefer an early grave.

Now, where is the equality of birth? Or during life, or even at the deathbed?

We are told, however, that equality in the Declaration of Independence means equality before the law.

I fail to see it there, either.

There is equality before the law when both parties are rich or both parties are poor. There is no equality in the case of a poor person against a rich person or against a wealthy corporation. Rich people will have the best lawyers, while a poor man may, if he has a good case, get a pettifogger on a half share.

Let us watch a common police court on any day. Two men—one looking prosperous, the other looking poor—are arrested for a similar offence. Each is fined $10 and costs. The prosperous man will put down his $10 and walk out smilingly. The other man can not pay and is sent up to the house of correction. Now, it is clear to any observer that the poor fellow is deprived of his liberty, not on account of his misdemeanor, but because he did not have $10.

Do we have classes in America?

Supposing a man out of work is picked up in some alley or under some bridge. He is trying to spend the night there because he does not have the money for a night's lodging. The next morning he is fined and deprived of his liberty as a vagrant, because he did not have any money to pay for a lodging. In other words, in our country it is a crime to be without money.

We not only have classes, but most all of our legislation is class legislation—by the ruling class or its agents.

We have a plutocracy—we are ruled by the wealthy class.

The existence of classes is nothing new. The class struggle began with civilization. It is therefore foolish to accuse the Socialists that they are trying to "create classes"—that we incite class antagonism and class hatred.

We want to abolish classes, class antagonism, and class hatred.

If in former centuries, however, when the working class meekly submitted to oppression and deprivation, there was some reason for it. There were not enough of the world's goods to go around. Naturally, therefore, the stronger took the first choice for themselves and their kin, and the people got the leavings, if there were any.

The economic basis has changed.

We have secured control over the forces of nature to such a degree as to bring the possibilities of comfort and well-doing within the reach of everybody, at least in civilized countries. With the present machinery of production it is within the power of society to supply all the reasonable wants of every man, woman, and child living.

And if there should not be enough of any product we could easily multiply it infinitely, provided every man would do his reasonable share of work; and provided, also, that society would apply all the machinery at its disposal.

Then we could all have plenty. And the work time of every worker could be shortened considerably. In all probability it need not be half of what it is now.

In order to accomplish this, however, the working class must have its own representation. The proletarians of America must have a political party of their own to give expression to their own needs and wants, just as the working class of every other civilized country has its own political party.

The working class has nothing to hope for from either the Republican party or the Democratic party. The representatives

of these parties may be, and very often are, very cultured and accomplished gentlemen. Most of them are personally honest. However, they represent the capitalist system, and the more honest and consistent they are the more loyal they are to their class.

And the two parties may fight about the spoils of this system, but neither of them is willing to change the economic basis of the present society.

It is, therefore, only natural that every law passed by the Republican or Democratic parties benefits the capitalist class, or some group of it, in some manner—even laws that obviously seem to favor the workers, like the workmen's compensation act.

Political parties are simply the expressions of economic interests.

The Republican party is the favorite organization of the big capitalists. Why? Because it stood for a great deal of "business" during the late Civil War, and because, by its high tariff proclivities and its banking laws, it has given a strong impetus to the profits of the manufacturers and bankers. [Applause on the Democratic side.]

For a generation it was considered the conservative business man's party of the country.

The Democratic party, in its great majority, stood for the economic and political interests of the slave owners before the Civil War. After the war it naturally has become the dominant party of the South, where the former slave owner is slowly getting to be a manufacturer, a banker, or a capitalist. Up North the Democratic party, not having any great economic interests to express, soon fell into the hands of corrupt machines, at least in the large cities. Thus we have Tammany in New York, the Cook County Democracy in Chicago, the Rose Democracy in Milwaukee, and other benevolent graft institutions. It naturally also became the favorite organization of the liquor interests in the Northern States. [Applause on the Republican side.]

The capitalist class, therefore, is just as willing to deal with the Democratic party as with the Republican party. While the latter is conservative, the Democratic party is, to all intents and purposes, reactionary, especially on the industrial field; it would like to go back to the days before the war. Being behind the time in most things, it is especially ignorant and brutal in regard to the labor question, as the laws of many Southern States prove.

However, the workingmen of this country have votes, and

MAKING COMMON CAUSE

"When it comes to putting down Socialism we have to join hands"

By Ryan Walker in "The Comrade"

that is the reason why the Democrats have in recent years discovered that they "dearly love the workingman." [Laughter on the Republican side.]

That is the reason why we have passed a few labor laws in this House. Of course, these laws have not passed the Senate nor the scrutiny of the Supreme Court; however, they will do

in that form as campaign food on the eve of a presidential election.

Of course none of these laws will add a single sandwich to the daily fare of the many millions of workingmen and working women. None of these laws will take care of the old invalids of industry or help along the young. Every civilized country on the globe has done a great deal in that direction of late.

Not we. Nowhere is human life as cheap as in America.

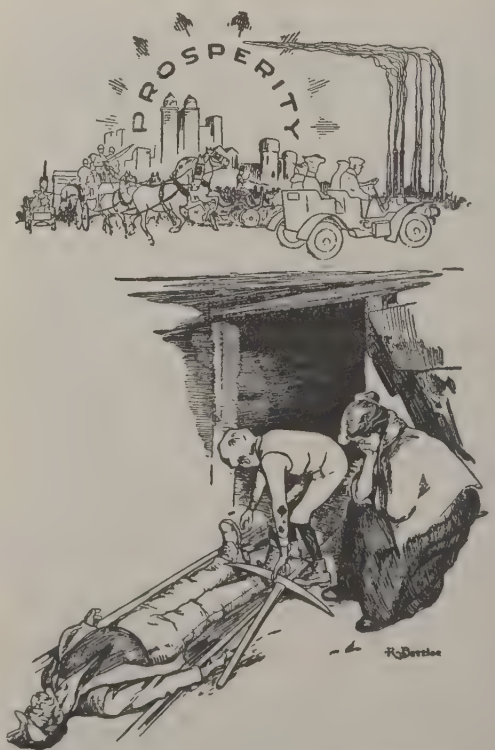
That most of this waste of human life is wholly unnecessary is shown by Dr. John Randolph Haynes, special commissioner on mining accidents of the State of California, in a paper which was originally read before a joint session of the American Association for Labor Legislation and the American Economic Association on December 30, 1911, and is now printed as a Senate document.

Dr. Haynes says that 35,000 workmen are annually slain in the United States while engaged in their daily occupations, and that, if the wounded and crippled in industry are added, Mr. Mercer, of the Minnesota Employers' Compensation Commission, was not far wrong when he claimed that industry in our country now kills and cripples more each year than did bullet and shrapnel in any year of the Civil War.

Coal mining, according to Dr. Haynes, is the most hazardous of all American industries, killing outright from 3,000 to 5,000 and killing and seriously injuring from 8,000 to 10,000 each year. The United States kill more coal miners than all the rest of the world combined.

The following table shows the casualties of employees on American railroads in comparison with those of other countries. The figures are for yearly accidents, based on five-year averages, from 1905 to 1909, inclusive. The table is taken from a statement made by the gentleman from Maryland [David J. Lewis] and appears in Senate Document No. 90 of the Sixty-second Congress:

	Number of employees to 1 killed.	Number of employees to 1 injured.
1. United States	421	10
2. Germany	1,016	431
3. France	1,068	517
4. Switzerland	1,071	26
5. United Kingdom	1,951	134
6. Norway	2,125	340
7. Austria	2,205	160



A DIVIDEND OF TEN PER CENT. FOR CAPITAL. A MORTALITY OF TEN PER CENT. FOR LABOR

By R. Battle in "The Comrade"

However, as long as cheap trades for votes can be made with so-called "union labor leaders"—giving the working class nothing, and promising twice as much for next year—both the Democratic and the Republican parties believe themselves safe.

The only trouble just now is to make the workmen believe that the Democrats are different from the Republicans.

JOHN N. GARNER [Tex.].—How about the "bull moose" party? [1]

MR. BERGER.—I shall make a few remarks about that species also, if the gentleman will give me time. [Laughter.]

Of course there is still that old stand-by—the tariff—God be thanked. And Mr. Woodrow Wilson, being a profound man—a man of the type of that other profound gentleman, Grover Cleveland—has declared that the tariff is to be the issue.

But how is it to be done this time?

The Republicans declared themselves to be in favor of a "downward revision." The Democrats are in favor of a "tariff for revenue," but they cautiously add in their platform that they do not want to harm any industry.

Now what does that mean?

If it means anything at all it means that the Democrats do not want to harm any owners of factories, because the South is waking up industrially. The South is beginning to have numberless "infant industries" that want protection. The Democratic party must take care of these infants.

Since this is the case, how is the good professor expecting to make good on the tariff as an issue in the coming election? Is he to have a platform of his own—other than that adopted in Baltimore, for which the "peerless leader" stood sponsor?

Mr. Wilson will have to do so if he wants a demarcation of some kind between the old parties. As it is, the names of the two parties could be exchanged in both platforms and nobody would notice the difference.

Nothing is left in the Democratic platform of the great anti-capitalist war cry for which Bryan was so well known in 1896. One can readily see that Mr. Bryan of 1912 is a different man—he got to be quite a capitalist himself, and that fact unconsciously changed his point of view.

It may be that he expected to be a candidate himself and wanted all votes in sight, including the dissatisfied conservatives.

One might say, however, the platforms of the old parties

[1] A popular term applied to the Progressive party from a remark made by its leader, Theodore Roosevelt, comparing his good spirits to those of the animal in question.

are seldom read and even more seldom carried out. The main thing, then, is the personnel of the candidates.

But just at that point there is really no difference if one is to vote an old-party ticket. One might just as well shut his eyes and vote. The result would be absolutely the same.

All of the candidates are honest men, personally, as the term is understood in business and society nowadays. None of the candidates has ever been accused of any wrong other than "stealing convention delegates"—willing and ready to be stolen.

Mr. Roosevelt, who wants to start a party on the issue "Thou shalt not steal," and on business principles, should know that political graft is the very application of business principles to politics.

Furthermore, he also has openly been accused in the Senate of trying to buy delegates both this year and in 1904.

Moreover, the three candidates of the two old parties all enjoy the support of the trusts, the bosses, and the political machines.

Mr. Wilson, the Democratic candidate, has probably more support of that kind than any of the rest. Although a so-called progressive, he has with him Boss Murphy, of Tammany; Boss Smith, of New Jersey; Boss Sullivan, of Illinois; and Boss Taggart, of Indiana; their machines, and what they stand for. He was also jubilantly hailed by the reactionary capitalist element of both parties as a "second Grover Cleveland," and was warmly indorsed by every reactionary paper. Belmont and Ryan are his warmest supporters. Wilson's election will not only perpetuate the power of the bosses and their machines, but also inaugurate another era of reaction and "high finance" as we had under Grover Cleveland.

Mr. Wilson is very much handicapped by his past. Mr. Wilson has written books, and, being a recent convert to the cause of progressivism, his works stand out against him. Mr. Wilson has not only attacked the south European and Slavonic immigration, but he has also denounced organized labor.

He once declared that he preferred a Chinese coolie to an American trades-union man, because the former were more law-abiding and more industrious and worked cheaper—or words to that effect. As recently as 1909 he denounced union labor as "unprofitable labor." Mr. Wilson may have changed his mind, but he will have to explain, and the candidate that must explain is in a very poor position. His behavior during the late strikes in New Jersey will also require explanation.

It is unnecessary to tell where Mr. Taft stands. It is as natural for a man of his type to be allied with men like Root, Crane, Guggenheim, and Hammond as it is for a duck to take to the water. Until Mr. Taft ran for the office of President he had never gone to the common people for any indorsement. He was appointed assistant prosecuting attorney of Cincinnati, appointed a Federal judge, appointed a commissioner to the Philippine Islands, appointed a Secretary of War, and finally appointed the "heir of my policies" by Theodore Roosevelt.

Mr. Taft knows the history of the Republican party as the favorite organization of the big capitalists. And he wants that party to remain the favorite.

Moreover, the Republican party has no other reason for existence than to serve capitalism. It has accomplished one great historical fact—it has freed the negro. That was done, not for humanitarian reasons, but because chattel slavery was incompatible with modern capitalism.

Modern capitalism rests upon wage labor. The Democratic party of 1860 failed to understand this simple fact—and that is the reason why the Republican party was founded and grew up to be just what it is now.

It was the party of William Lloyd Garrison, Wendell Phillips, and Abraham Lincoln. And it became just as naturally the party of John Sherman, Nelson W. Aldrich, and Richard Ballinger.

That Mr. Taft has the support of many big political bosses and capitalist exploiters goes without further explanation.

The opposition in the Republican party is represented by the ex-President, Theodore Roosevelt. Where Mr. Roosevelt stands on all the great questions of the day nobody seems to know. I doubt whether Mr. Roosevelt knows himself, because, with his brilliant, but very erratic, mind, Mr. Roosevelt may revise and change all of his principles and convictions by to-morrow afternoon. [Laughter and applause.]

At this time it does not appear that he will play much of a part if he does, unless he is satisfied to be the pathfinder of a new organization which is on its way to nowhere in particular.

But a glance at some of the "honest progressives" who are now setting out to purify politics will at once demonstrate that Robin Hood's famous assemblages of outlaws had nothing on the company that are now rallying around Theodore Roosevelt.

There is, for instance, little Tim Woodruff, veteran of the famous "Old Guard" of Albany in bygone days, and such a doubtful asset generally that two years ago Mr. Roosevelt ousted

him from the position of State chairman of New York.

Then there is Boss Flinn, of Pittsburgh, a reactionary from head to heel, soaked and saturated in the municipal corruption of that smoky inferno.

"HE'S GOOD ENOUGH FOR ME!"

[Parody on Homer Davenport's famous cartoon, depicting Uncle Sam saying this of Roosevelt, which was used as a Republican campaign document in the Presidential campaign of 1904]

By F. Opper in the Hearst paper

And Lucius Littauer, of Gloversville, N. Y., a reactionary to the backbone, mixed up in a post-office scandal several years back.

And George W. Perkins, of Morgan and the Steel Trust.

Furthermore, Medill McCormick, of the Harvester Trust and the Chicago *Tribune*. Comment is really superfluous. [Applause.]

In short, all three candidates are well supported by the organization of their class.

As to the tariff issue as such, this issue is to the working class exactly what every other capitalist issue is. The workingmen are interested in the tariff—as the tariff is now—as consumers only.

The tariff does not protect labor; at the same time any sudden change would be disastrous. It is mainly a manufacturer's issue—until labor really gets its share of the protection.

The tariff is not responsible for the trusts; there are trusts in England, where they have free trade. Moreover, the trusts are now in favor of free trade.

With us the great issue is the difference between what a workingman in this country produces on the average and what he gets.

It is a class issue; it is the great issue of the working class.

In 1909, in the 268,000 factories of this nation, 6,600,000 wage earners added $1,290 apiece for every worker employed.

Did those workers receive the value they put into the product? Not at all. They received $518 apiece.

The other $772 went to the employers and landowners. This surplus value went to the capitalist class as such—to the landowners, the bankers, and employers, and the holders of special privileges of some sort or another.

Wherever this surplus value goes it goes to some individuals or groups of the capitalist class in some form—either as profit, rent, interest, insurance, and so forth.

In 1909 the number of factory wage-earners was 6,615,046, an increase of 21 per cent. in 5 years and of 40.4 per cent. in 10 years. Women have constituted exactly 19.5 per cent. of the factory population in each of the three last censuses. Children constituted 2.5 per cent.

Wage-earners do not increase relatively in anything like the proportion that salaried employees do. The gain of the former in 10 years has been 40.4 per cent.; of the latter 117 per cent.

It is true of all highly developed countries that the number of persons employed to handle, sell, and promote the sale of

commodities increases far more rapidly than the number of persons who make things. This will help to explain the rise in the cost of living.

The number of wage-earners does not increase proportionately with the increase of capital.

Capital has increased 45.4 per cent. in 5 years and 105.3 per cent. in 10 years. Big capital now controls industry, and the figures are truly amazing.

In 1904 nine-tenths of 1 per cent. of the establishments turned out 38 per cent. of the product, and in 1909 1.1 per cent. turned out 43.8 per cent. of the product. Each of these establishments produced values in excess of $1,000,000, and there were 1,900 of them in 1904 and 4,061 in 1909.

Counting the establishments producing more than $100,000 in values annually, it is shown that in 1904 11.2 per cent. of the total of 216,180 establishments turned out 79.3 per cent. of the total product, and that in 1909 11.5 per cent. of the total of 268,491 establishments turned out 82.2 per cent. of the total.

The other 88.5 per cent. of the establishments had to be satisfied with the leavings of 17.8 per cent. of the product.

The average salary drawn in 1899 was $1,046; in 1909, $1,187. These salaries are not classified in this report, as similar salaries are classified in the report of the Interstate Commerce Commission. It is therefore impossible to tell just what rank of employees drew the increase. There is plenty of evidence, however, from common observation that the average poorly paid clerk or accountant has had no raise in the last 10 years.

Wage-earners received more money in 1909 than they did in 1904. Their average in the former year was $477, in the latter year $518, a difference of $41 or about 79 cents a week. The figures of wages are not yet classified for men, women, and children, and so we can not tell where the greater rate of increase has gone, though the probability is that it has gone to the men.

The value added to production (that is, the value of the product less the cost of materials) averaged $1,150 for each wage-earner in 1904. It now averages $1,290. But the relative share of the worker in the value of his product is less than it was in either 1899 or 1904.

One of the particularly brutal elements of capitalism is shown by the figures for the seasonal variations in the amount of employment in the various great industries. Capital can not keep its workers employed.

When it wants them it wants them bad, and when it does not want them they may go and starve. In some of the industries the variation in the state of employment is only moderate.

In printing and publishing, for instance, the lowest number of wage-earners employed at any time constituted 93.3 per cent. of the largest number employed.

But in brick and tile making the minimum represented only 36.5 per cent. of the maximum, and in canning and preserving only 12.9 per cent.

Even in the great steel and iron industry the number employed in March was 25 per cent. less than that employed in December. Throughout the whole industrial scheme seasonal unemployment is a necessity under capitalism.

Moreover, another fact must be taken into consideration. The capitalist class numbers only about 4 per cent. of the population, the middle class 24 per cent., and the working class 72 per cent.

Under these circumstances, is it surprising that we look upon the agitation for a low tariff or for a high tariff as a shameless humbug when we compare its importance with the question of the exploitation of labor?

Is it surprising that we look upon the return of the tariff issue as simply a sham battle to divert the attention of the workingmen from the main issue?

And the real issue is this:

Under the present system, which we call in political economy the capitalist system, the workingman's labor has become a mere ware in the market.

And since the man's labor can not be separated from the man, the workingman himself has become a commodity, whose time is bought and sold. The workingman, or rather his labor power, is subject to the same conditions as every other ware, especially to the conditions of supply and demand and to competition.

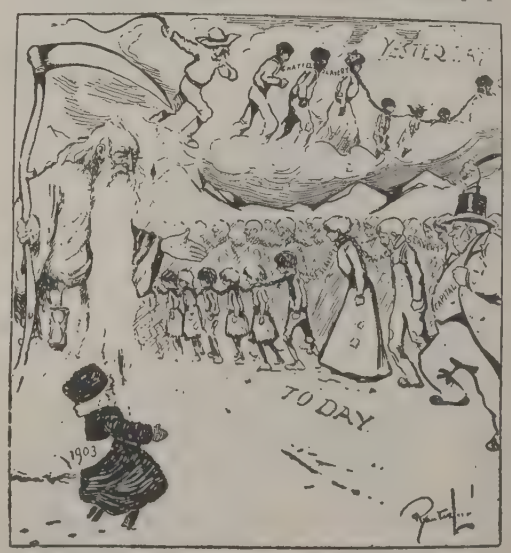
The workingman's labor—that is, his time—is bought now in the open market by the highest bidder on the one hand, from the lowest seller on the other.

And the employers—who are really the master class—care only to buy the workingman's time when he is young, strong, and healthy. When he is sick, or when he gets old, the employer has no use for him.

The employer is not in business for the sake of charity. He is in business in order to make profits—to make money.

And, because of this, we can see that our so-called free workers are sometimes worse off—from the purely economic point of view—than the blacks were under slavery before the war.

The negro was property and represented about a thousand dollars in value—sometimes more, sometimes less—he was prop-



WAGE SLAVERY

1903: "I thought I should find Freedom on the Earth when I came."
Father Time: "No, my son—I've only changed the style of the chains,—and the color of the slaves."

By Ryan Walker in "The Comrade"

erty which the master owned. Therefore, the master, if he had any sense, took good care of his human chattel. The master was eager to have the slave as long and in as good condition

as possible. When he became sick, or when he died, the master lost money.

The case is entirely different with the white workingman, the so-called free workingman. When the white man is sick, or when he dies, the employers usually lose nothing.

And high tariff, or tariff for revenue only, or free trade, "have nothing to do with the case."

The fact is that the capitalist, the average employer of to-day, is more concerned about a valuable horse, about a fine dog, about a good automobile, than he is about his employee, or about his employee's family.

In most cases, the employment is absolutely impersonal. The employer does not know his employee by name, or even by number. This is invariably the case with a stock company where the shareholders are scattered all over a city, a State, or all over the country, sometimes over Europe.

Nor can any individual capitalist or employer, no matter how charitably inclined he may be, change anything in these conditions. A business or corporation that should try to run its plant on a charity basis would not last long.

As a matter of fact, under the present system it is usually the worst employer who sets the pace. The employer who can fleece and skin his workingmen best is best equipped for the fight in the open market. He can produce his goods the cheapest.

Thus competition has come to have a fearful meaning to the working class.

On the one hand it compels the employers to get their labor as cheaply as possible; on the other hand it compels the workingmen to compete with one another for jobs. Competition among the workers has become, therefore, a cut-throat competition. It is a question as to who is to live and who is to starve. It is often a question as to whether a man is to stay with his family or to become a tramp.

And the tariff has nothing to do with that question, either.

There is always free trade in labor.

In many cases now the laborer is compelled to disrupt his family and to send his wife and his children to the shop or the factory.

For this is the great curse of machinery—or rather of the individual monopoly of machinery—that capital can be coined out of women, and even out of infancy. Thus not alone are men turned into wares, governed by demand and supply, but they are also made to scramble for a precarious living with the wives, sisters, and children.

The evil of child labor is especially glaring down South, where my Democratic friends rule absolutely.

Lewis W. Hine, while taking photographs of the employees of the Gulf coast canneries for the National Child Labor Committee, says that he personally interviewed 13 children from 3 to 5 years old, 25 from 6 to 8, and 15 from 9 to 11, and that he counted in all 125 boys and girls whom he judged to be from 3 to 11 years of age.

No human being knows how many children under 10 are employed in the canning industry in the United States or in the numberless industries carried on in tenement houses in our great cities. But everyone at all familiar with the subject knows that there are thousands.

In six Southern States nearly 1,000 children from 7 to 11 years old were found at work in cotton factories by agents of the United States Labor Bureau, whose investigation covered only about one-fourth of the cotton industry of these States.

It is conservative therefore to estimate that 5,000 children from 7 to 11 years old are prolonging their infancy in the cotton mills of the South.

And yet this is the economic basis of the wage system.

Therefore we say the wage system was a step in the evolution of freedom, but only a step. Without trade-unionism and labor associations, the wage system would produce a social state lower than that of feudalism.

Social freedom, complete justice, can be accomplished only by the collective ownership and democratic management of the social means of production and distribution.

We realize that all this can not be brought about by a single stroke—by a one day's revolution. But we know that all legislation, in order to be really progressive and wholesome, must move in that direction—must be in accordance with the modern economic progress.

And the only party that is in accordance with the trend of the time is the Socialist party. That is the reason why all the "progressives" are simply trying to appropriate some of our minor planks.

With the Socialists political issues are of minor consequence; economic issues are of paramount importance.

We refuse to be diverted or led astray by mere political reforms like the initiative, referendum, and recall. Each in itself is a good enough reform. Each of them has been agitated for a long time by the Socialists and forms a part of our program to-day.

Mere changes in the mechanism of expressing the will of the people are, however, of secondary importance when compared with any change in the economic conditions of the people.

We want the initiative. But we want much more to secure an old-age pension for every workingman and workingwoman of 60 and over.

We stand for the referendum. But insurance against being out of work is of much more value.

We agitate for the recall. But State help for orphans—at least for those who have no father—and assistance for working women during the period of child bearing is infinitely more useful to the race than the right to recall a judge.

The bourgeois reformer, even when well meaning, does not understand us. He lacks our class consciousness.

Of the political reforms a new Constitution is most important. As long as we have the old Constitution, thorough social reforms are almost impossible.

No matter how good and beneficial a law may be, it will, as a rule, be declared unconstitutional by the Supreme Court. Our Constitution was framed at a time entirely different from ours, and for entirely different conditions—and good laws suited to the present conditions are really unconstitutional.

When our Constitution was framed this was a nation of frontier farmers and hunters, with a few merchants in the seaports.

There was no machinery used. There was no manufacturing to speak of. There were no railroads; no telegraphs.

There were no millionaires and no proletarians. There were no corporations in the present sense—a corporation in those days meant a city.

And there were no trusts, of course.

If Washington, Jefferson, Madison, and Hamilton could get up from their graves to-day they would not know the country. We live in a different world.

And yet we have to wear the same political cloak. We must live under the same Constitution.

In other words, a grown-up nation has to wear its baby cloak. It does not fit anywhere, and has been torn and patched in the most ridiculous way by "decisions of the Supreme Court" in order to make it do, yet anybody who dares to suggest a new suit is considered a traitor by the "interests."

But we must have a new Constitution or we shall have a bloody revolution. Yet, though political reforms are necessary, they are of little account when compared with the necessity of

changes in order to keep step with the development of economic conditions.

The economic changes are upon us.

We see the trusts not only doing away with competition, but also asking for Government interference and for Government regulation of prices.

THE PILL

UNCLE SAM: I'VE HAD A GOOD MANY DOSES OF THAT STUFF ALREADY, BUT IT DON'T CURE"

By Ryan Walker in "The Comrade"

In other words, we have the spectacle of the trusts surrendering part of their ownership and practically offering that part of the ownership to the people.

Thus the trusts, or at least some of the trusts, are willing to part with their ownership because they feel that their business has ceased to be a private concern. Because the trusts feel

that their business has become a public utility of the most public and utilitarian sort.

But the change is also coming from the other side.

The great majority of the people have no interest in keeping up the present system. And especially the working class is bound to become revolutionary as a class.

Our workingmen to-day build a few palaces and many hovels. The workingmen live in the hovels and the few capitalists in the palaces.

Our workingmen in the woolen mills make a small amount of fine clothes and millions of yards of shoddy. The workingmen wear the shoddy and the rich idlers wear the fine clothes.

Workingmen and their children have to go down into the mines, workingmen and workingwomen and their children have to go into dingy, ill-ventilated factories and workshops and toil from 8 to 12 hours a day. They must ruin their health by overwork, so that a few people who have the money may ruin their health by too much leisure.

The majority now degenerates through poverty so that the small minority shall be able to degenerate through luxury.

Again, I say, the great majority have no interest in keeping up the present system.

There is this also: In former epochs the ruling class was by far the abler and stronger—physically and mentally.

In former years a few nobles, clad in iron—and trained and accustomed to warfare—could hold in subjection 20 times their number of common people.

The ruling class only was at that time in the possession of the wisdom of the world—whatever wisdom the world had then.

The ruling class at that time also had in its favor the belief that this system was God-ordained, and that anybody rebelling against it was a rebel to God.

Things are different nowadays.

The working class not only builds the houses, ships, and machines, but the working class also teaches in the public schools and colleges, and writes and prints our literature. Not only the man who sets up the type for the papers and the books, but also the man or woman who writes them usually belongs to our class.

The capitalist class depends upon us for a living, for information, and for defence.

The ruling class surely has no better fighting qualifications than we. It is our class that has to furnish most of the men in case of war, although the capitalists may start the war and

buy the bonds. Even in order to hold the working class in subjugation, the capitalists have to hire such workingmen as are for sale to do the fighting for the rulers.

We deny that the capitalist class is our superior in any way.

And as long as the public schools exist, and men and women are learning how to read and write, no priest or clergyman will ever be able to make us believe again that this system is God-ordained. We will never believe that it is God-ordained that a trust magnate shall have fifty or sixty million dollars a year, or more, and that his employees should earn $1.75 a day on the average.

Moreover, we have the ballot. No subjected class in history ever had the same political basis as the ruling class. The modern proletariat is the first.

On election day my vote is as good as Rockefeller's. And we are many and the capitalists are few.

In short, the future belongs to the working class. Nothing can stop us. All we have to do is to organize our forces. There is no other party that has grown like ours during the last four years.

And, I want it understood, the Socialist party, while it is revolutionary in its final aim, is none the less distinctly evolutionary and constructive in its method. We welcome all kinds of reforms that are real reforms—not political baits.

Social reforms of all kinds are welcomed by the Socialist for many reasons.

In the first place, by reforms we can stop the increasing pauperization and consequently also the enervation of the masses of the people. If real reforms are seriously taken up and carried out with determination they uplift the masses to a considerable extent.

But the main reason for our favoring social reforms is that such reforms, if logically carried out, offer the possibility of a peaceful, lawful, and orderly transformation of society.

The Socialist party, therefore, is the only true reform party in existence. We agitate for the organization of the masses. And organization everywhere means order.

We educate, we enlighten, we reason, we discipline.

Besides order we bring also law, reason, discipline, and progress to men and women who have been torn from their old conditions by capitalism—and who would otherwise become Apaches.

It is, therefore, absolutely false to represent our Socialist

party as destructive, as intending to overthrow and annihilate society, as an appeal to the brute passions of the masses.

Just the opposite is true.

Our Socialist party wants to maintain culture and education and carry them to the homes of every worker of the land.

Our party wants to guard this nation from destruction and bring it to a level hitherto unknown in history.

We appeal to the best in every man, to the public spirit of the citizen, to his love of wife and children. [Applause.]

CARL C. ANDERSON [O.].—I think the gentleman will admit that the Democratic party has passed more bills in the interest of labor than have been passed by this House in the last 20 years.

MR. BERGER.—I do not admit that. I said the Democratic party has voted for some so-called labor bills, but so did the Republican party, and so did the only representative of the Socialist party in Congress.

MR. ANDERSON.—Then he admits that this is good legislation?

MR. BERGER.—I admit that some bills that have been passed in this session are fair bills as far as they go. Otherwise I should not have voted for them. They do not, however, add to the standard of living of the American working class. They are of ridiculously small importance, considering the magnitude of the labor question.

MR. ANDERSON.—If the House had been Socialistic it would undoubtedly have voted for the same bills.

MR. BERGER.—If the House had been Socialistic it would not have wasted time with insignificant palliatives of that kind, because it would have taken up legislation of a million times greater importance.

MR. ANDERSON.—If the House had been Socialistic, would it have passed the Sherwood pension bill?

MR. BERGER.—No; because we would have pensioned not alone the old soldiers, but everybody who——

MR. ANDERSON.—The gentleman said that if the Socialistic party had been in power they would have pensioned everybody. Where would the gentleman get the money to pension everybody?

MR. BERGER.—Mr. Speaker, I wanted to say that by pensioning everybody who did some useful work in their earlier manhood or womanhood it would be needless to pension the old soldiers. The old soldiers have done some useful work besides being soldiers in a war. I honor every man who went to the

war to free the black man and to save the Union, but I honor just as much the men and women who are fighting for civilization every day—the men and women who are making our civilization possible.

Official figures show that 35,000 are annually slain in the industries of the country, not counting the hundreds of thousands that are the victims of occupational diseases.

Do you not think that a man who works for the welfare of the nation on the battlefield industry is taking as many chances as the man going to war? And that the worker is doing more necessary work than the soldier?

Moreover, the old working people who will get the pensions will have paid for them during the time they worked. In fact, they will have paid for the pensions many times over before they get them.

As I stated before, in 1909 every workingman and workingwoman added about $1,290 worth to the nation's wealth and received on the average only $512 in wages.

The pensions should be paid from the surplus value the capitalist class is getting.

JOHN J. FITZGERALD [N. Y.].—Does not the gentleman from Wisconsin know that until the Democrats got control of the House of Representatives neither the Republicans nor the Democrats nor the Socialists could get a chance to vote for an eight-hour bill?

MR. BERGER.—I do not know anything of the kind.

MR. FITZGERALD.—If the gentleman will permit me to inform him, I have served in the House 14 years, and until the Democrats got control of it an eight-hour bill could not be reported into a Republican House from the committee.

MR. BERGER.—And I want to inform the gentleman from New York, if I may, that the first eight-hour bill was passed in 1868 by a Republican House. [Applause on the Republican side.] As a Socialist and trades-union man I have, of course, no more love for one capitalist party than for the other, but I want to be fair.

MR. FITZGERALD.—And the Republican Attorney-General so construed the law as to make it absolutely valueless. [Applause on the Democratic side.]

MR. BERGER.—Well, we do not know how this bill may be construed by a Democratic Attorney-General and by the Supreme Court. [Applause on the Republican side.]

MR. FITZGERALD.—If there is a Democratic Administration, there will be no fault found with it.

MR. BERGER.—Then the gentleman thinks the Supreme Court decides questions of law according to politics?

RICHMOND P. HOBSON [Ala.].—The gentleman stated that the South was coming to stand for the principle of protection in order to protect their infant industries against competition. I will ask him what effect can the tariff have in protecting the South when we already have the giant industries of the North in direct competition with them?

MR. BERGER.—I can only answer the gentleman from Alabama from my point of view, which is the point of view of modern economics. As I see it, the South still has the advantages of position for certain industries.

For instance, cotton is raised right there, and the cotton factory of the South saves the freight, of course. Furthermore, the South has cheap labor, unorganized labor, colored labor; it also has longer hours than the North. Then, you have woman and child labor—in some cases children from 3 to 11 years old are at work. ["'Oh, no!"]

Well, in many Southern States that is the case in the cotton and in the canning industries. I do not mean to say that there is child labor in every industry in the South. For some work women and children are not strong enough.

MR. HOBSON.—The things the gentleman enumerates would tend to relieve the South from the need of protection instead of explaining its alleged desire for protection. There is no such desire, and there is no logical foundation of the oft-repeated allegation that the South has come to advocate high protection.

MR. BERGER.—I will say to the gentleman from Alabama that if it were not for the elements mentioned even a high tariff could not protect the South, but with those elements in existence the South may try, for a while at least, to successfully compete with the giant trusts. Of course it is a fight at the expense of humanity—at the expense of the race. Moreover, very soon the war will be found unprofitable and the combatants will unite.

As a confirmation of my statement that the South is beginning to ask for protection, the gentleman need only read over some of the discussions on the various tariff bills introduced by the Democrats themselves.

FRANK BUCHANAN [Ill.].—Does the gentleman define the working class as being composed of those who work for wages alone? In my locality we have a man who is running a grocery store. His wife and daughter work in that grocery store. He also works long hours, early and late. He is in fact a workingman. Does the gentleman agree that a man who operates a business of that sort is a workingman or a capitalist?

MR. BERGER.—Mr. Speaker, of course our present society does not only divide into two classes; there are three classes. We have the working class, the middle class, and the capitalist class. The lines are not very closely drawn in our century and our country. In some cases the workingman may have a little business on the side, or a capitalist may draw his income in the form of a salary, but as a whole it is safe to describe the division between classes as originating from the way a person derives his or her income.

The workingman or workingwoman derives his or her income through work for daily, weekly, or monthly wages, or, when working in schools and offices, through working for an annual salary. It is always work for pay—either work with hands or with brains, or with both, that gives the wage-worker his status in society.

The middle class derives its income from rents and profits, either by buying and selling, or by employing a small number of men, women and children.

The capitalist class derives its income in the same way on a large scale, besides controlling the means of transportation and the means of communication, most of the natural resources, and the banks.

Of course different men have made different demarcations. But all agree that the smallest class in number but greatest in power is the capitalist class which controls the capital of the country—that part of the surplus value which is now used to create more surplus value instead of being used to give comfort to the people.

MR. BUCHANAN.—Does the Socialist party confine its membership to the working class? Is it not a fact that it has some wealthy men in it?

MR. BERGER.—Oh, every honest man, even a capitalist, may become a member of the political party of the working class if he agrees to aid us in the emancipation of the working class. We must be satisfied, however, that the man is honest in his intentions to help us to bring about a complete change of the present system by sane and legal methods. [Applause.]

MR. BUCHANAN.—I want to ask if the gentleman does not believe that Abraham Lincoln, who was the leader of the Republican party during the war at the time the slaves were freed, would also exercise his influence if living to strike the shackles from the industrial slaves of to-day?

MR. BERGER.—He would, if he lived to-day. Lincoln would, in my opinion, be a Socialist, if he lived to-day.

MR. BUCHANAN.—Then, after all, it is not so much in the party as the men who control the party.

MR. BERGER.—No. Men are the second consideration, principles are paramount. Good men are necessary, of course, to carry out these principles. But good men are useless or dangerous in the wrong party.

MR. BUCHANAN.—Is it not a fact in this country, where the workingmen have the ballot, their troubles are largely due to their own inactivity in politics, and if they would exercise their united influence in politics it would put them in the position of controlling any party for themselves?

MR. BERGER.—Mr. Speaker, the party must be worth controlling. It must stand for what a certain class or a certain group wants that party to stand, and must be made up accordingly.

MR. BUCHANAN.—And would not any party serve their purpose if the working people would control them?

MR. BERGER.—No! No! No! If you want to ride horseback, you will not take a donkey. [Laughter.] The two old parties represent certain groups and certain interests of the capitalist class. Both of these parties are made up accordingly. They can never represent the working class.

The Democratic party and the Republican party have certain principles, certain ideas for which they stand. Their aim, their platform is capitalistic. They could not abolish the present system of exploitation without abolishing themselves. You can not expect a tiger to eat grass nor a gray wolf to live on berries. [Laughter.]

The more honest the leaders of the old parties are, the more they will try to abide by the principles of their platform; the more loyal will they be to the capitalistic interest, which they represent.

CYRUS CLINE [Ind.].—I understood the gentleman to say in his address that the Socialist party was in favor of common ownership of most of the agencies of production and distribution.

MR. BERGER.—For the collective ownership and the democratic management of the social means of production and distribution.

MR. CLINE.—I want to understand to what extent you carry that doctrine, Who are the beneficiaries and how they are to derive the profits of it?

MR. BERGER.—Well, the Socialist party stands for the collective ownership of the social means of production and distribution.

MR. CLINE.—How are you going to evolve the system?

MR. BERGER.—We believe that everything that is necessary for the life of the nation, for the enjoyment of everybody within the nation, the nation is to own and manage. Therefore we shall take over the trusts, railroads, mines, telegraphs, and other monopolies of national scope. Everything that is necessary for the life and development of the State the State is to own and manage. There are certain business functions that the State will have to take care of, like interurban lines, for instance. Everything that is necessary for the life and development of a city the city is to own and manage, like, for instance, not only street cars and light and heating plants, but also abattoirs, public bake shops, the distribution of pure milk, and so forth. Everything that the individual can own and manage best the individual is to own and manage. That is simple enough.

In other words, the trust as a business has reached a stage where it is unsafe in private hands. It is a menace to the nation as long as it is in private hands. It can only be managed by the nation for the profit of everybody. The same holds good for certain private monopolies in cities, as far as the cities are concerned.

MR. CLINE.—How are you going to change the present economic basis? Give us a concrete statement of that proposition.

MR. BERGER.—That is easy enough. We could surely get the trust properties in the same way as the trusts got them. The trusts paid for their properties almost entirely in watered stock, preferred and common. We can give the best security in existence to-day—United States bonds.

MR. CLINE.—Have the Government buy them?

MR. BERGER.—Have the Government buy the trust properties. Why not? But pay only for the actual value. That will be paid for out of the profits of these trusts in a very short time.

MR. ANDERSON.—Speaking of the eight-hour bill, the gentleman claimed that he voted for all labor measures. Now, the bill went to the Senate and was amended, and when it came back was the gentleman present and did he vote for that bill, or was not he in Indianapolis?

MR. BERGER.—Supposing I did go to the national convention of the Socialist party. I was surely doing as good work in Indianapolis for the welfare of the country as I do here. It

was fully as important that I should attend a convention of the Socialist party as to vote for some of the demagogical and insincere bills put up here by the party of the gentleman from Ohio [Mr. Anderson] in order to catch the labor vote for capitalism and the Democratic party. In fact, it was more important for me to be in Indianapolis.

Mr. Anderson.—That does not answer the question.

James R. Mann [Ill.].—The gentleman from Wisconsin may not have been here, but the gentleman from Ohio certainly was not. [Applause and laughter.]

The Speaker.—The time of the gentleman has expired.

Mr. Berger.—I thank you one and all, gentlemen. [Loud applause.]

At the National Socialist Convention, held on May 12-18, 1912, at Indianapolis, the following platform was adopted:

The Socialist Platform

The Socialist party of the United States declare that the capitalist system has outgrown its historical function, and has become utterly incapable of meeting the problems now confronting society. We denounce this outgrown system as incompetent and corrupt and the source of unspeakable misery and suffering to the whole working class.

Under this system the industrial equipment of the nation has passed into the absolute control of a plutocracy which exacts an annual tribute of billions of dollars from the producers. Unafraid of any organized resistance, it stretches out its greedy hands over the still undeveloped resources of the nation—the land, the mines, the forests, and the water powers of every State in the Union.

In spite of the multiplication of labor-saving machines and improved methods in industry which cheapen the cost of production, the share of the producers grows ever less, and the prices of all the necessities of life steadily increase. The boasted prosperity of this nation is for the owning class alone. To the rest it means only greater hardship and misery. The high cost of living is felt in every home. Millions of wage workers have seen the purchasing power of their wages decrease until life has become a desperate battle for mere existence.

Multitudes of unemployed walk the streets of our cities or

A GARLAND FOR MAY DAY

[The Many Arguments for Socialism]

By Walter Crane

trudge from State to State awaiting the will of the masters to move the wheels of industry.

The farmers in every State are plundered by the increasing price exacted for tools and machinery and by extortionate rents, freight rates, and storage charges.

Capitalist concentration is mercilessly crushing the class of

small business men and driving its members into the ranks of propertyless wage workers. The overwhelming majority of the people of America are being forced under a yoke of bondage by this soulless industrial despotism.

It is this capitalist system that is responsible for the increasing burden of armaments, the poverty, slums, child labor, most of the insanity, crime, and prostitution, and much of the disease that afflicts mankind.

Under this system the working class is exposed to poisonous conditions, to frightful and needless perils to life and limb, is walled around with court decisions, injunctions, and unjust laws, and is preyed upon incessantly for the benefit of the controlling oligarchy of wealth. Under it also the children of the working class are doomed to ignorance, drudging toil, and darkened lives.

In the face of these evils, so manifest that all thoughtful observers are appalled at them, the legislative representatives of the Republican and Democratic parties remain the faithful servants of the oppressors. Measures designed to secure to the wage earners of this nation as humane and just treatment as is already enjoyed by the wage earners of all other civilized nations have been smothered in committee without debate, and laws ostensibly designed to bring relief to the farmers and general consumers are juggled and transformed into instruments for the exaction of further tribute.

The growing unrest under oppression has driven these two old parties to the enactment of a variety of regulative measures, none of which has limited in any appreciable degree the power of the plutocracy, and some of which have been perverted into means for increasing that power. Anti-trust laws, railroad restrictions and regulations, with the prosecutions, indictments, and investigations based upon such legislation, have proved to be utterly futile and ridiculous.

Nor has this plutocracy been seriously restrained or even threatened by any Republican or Democratic executive. It has continued to grow in power and insolence alike under the administrations of Cleveland, McKinley, Roosevelt, and Taft.

In addition to this legislative juggling and this executive connivance, the courts of America have sanctioned and strengthened the hold of this plutocracy as the Dred Scott and other decisions strengthened the slave power before the Civil War. They have constantly been used as instruments for the oppression of the working class and for the suppression of free speech and free assemblage.

We declare, therefore, that the longer sufferance of these conditions is impossible, and we purpose to end them all. We declare them to be the product of the present system in which industry is carried on for private greed instead of for the welfare of society. We declare, furthermore, that for these evils there will be and can be no remedy and no substantial relief except through Socialism, under which industry will be carried on for the common good and every worker receive the full social value of the wealth he creates.

Society is divided into warring groups and classes, based upon material interests. Fundamentally this struggle is a conflict between the two main classes, one of which, the capitalist class, owns the means of production, and the other, the working class, must use these means of production on terms dictated by the owners.

The capitalist class, though few in numbers, absolutely controls the Government—legislative, executive, and judicial. This class owns the machinery of gathering and disseminating news through its organized press. It subsidizes seats of learning—the colleges and schools—and even religious and moral agencies. It has also the added prestige which established customs give to any order of society, right or wrong.

The working class, which includes all those who are forced to work for a living, whether by hand or brain, in shop, mine, or on the soil, vastly outnumbers the capitalist class. Lacking effective organization and class solidarity, this class is unable to enforce its will. Given such class solidarity and effective organization, the workers will have the power to make all laws and control all industry in their own interest.

All political parties are the expression of economic class interests. All other parties than the Socialist party represent one or another group of the ruling capitalist class. Their political conflicts reflect merely superficial rivalries between competing capitalist groups. However they result, these conflicts have no issue of real value to the workers. Whether the Democrats or Republicans win politically, it is the capitalist class that is victorious economically.

The Socialist party is the political expression of the economic interests of the workers. Its defeats have been their defeats and its victories their victories. It is a party founded on the science and laws of social development. It proposes that, since all social necessities to-day are socially produced, the means of their production and distribution shall be socially owned and democratically controlled.

In the face of the economic and political aggressions of the capitalist class the only reliance left the workers is that of their economic organizations and their political power. By the intelligent and class-conscious use of these, they may resist successfully the capitalist class, break the fetters of wage slavery, and fit themselves for the future society which is to displace the capitalist system. The Socialist party appreciates the full significance of class organization and urges the wage earners, the working farmers, and all other useful workers everywhere to organize for economic and political action, and we pledge ourselves to support the toilers of the fields as well as those in the shops, factories, and mines of the nation in their struggle for economical justice.

In the defeat or victory of the working class party in this new struggle for freedom lies the defeat or triumph of the common people of all economic groups, as well as the failure or the triumph of popular government. Thus the Socialist party is the party of the present-day revolution, which marks the transition from economic individualism to Socialism, from wage slavery to free coöperation, from capitalist oligarchy to industrial democracy.

As measures calculated to strengthen the working class in its fight for the realization of its ultimate aim, the coöperative commonwealth, and to increase its power of resistance against capitalist oppression, we advocate and pledge ourselves and our elected officers to the following program:

COLLECTIVE OWNERSHIP

1. The collective ownership and the democratic management of railroads, wire and wireless telegraphs and telephones, express services, steamboat lines, and all other social means of transportation and communication and of all large-scale industries.

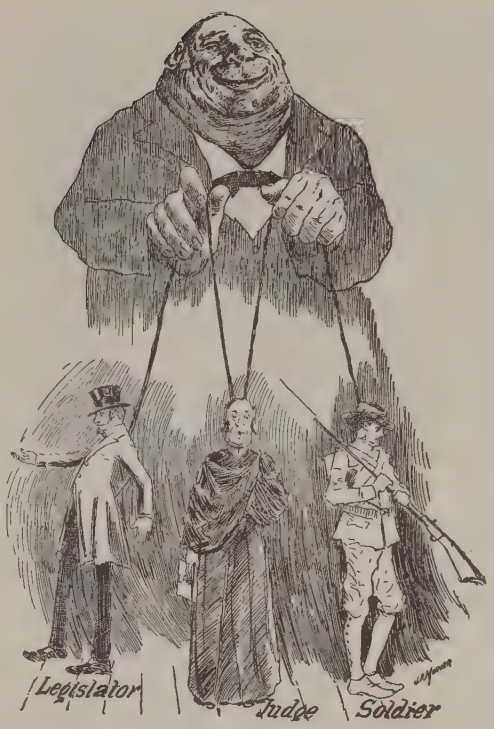
2. The immediate acquirement by the municipalities, the States, or the Federal Government of all grain elevators, stockyards, storage warehouses, and other distributing agencies, in order to reduce the present extortionate cost of living.

3. The extension of the public domain to include mines, quarries, oil wells, forests, and water power.

4. The further conservation and development of natural resources for the use and benefit of all the people:

(a) By scientific forestation and timber protection.

(b) By the reclamation of arid and swamp tracts.



PUPPETS OF CAPITALISM

By J. H. Morier in "The Comrade".

(c) By the storage of flood waters and the utilization of water power.

(d) By the stoppage of the present extravagant waste of the soil and of the products of mines and oil wells.

(e) By the development of highway and waterway systems.

5. The collective ownership of land wherever practicable, and, in cases where such ownership is impracticable, the appropriation by taxation of the annual rental value of all land held for speculation or exploitation.

6. The collective ownership and democratic management of the banking and currency system.

7. The abolition of the monopoly ownership of patents and the substitution of collective ownership, with direct rewards to inventors by premiums or royalties.

UNEMPLOYMENT

The immediate Government relief of the unemployed by the extension of all useful public works. All persons employed on such works to be engaged directly by the Government under a work day of not more than eight hours and at not less than the prevailing union wages. The Government also to establish employment bureaus, to lend money to States and municipalities without interest for the purpose of carrying on public works, and to take such other measures within its power as will lessen the widespread misery of the workers caused by the misrule of the capitalist class.

INDUSTRIAL DEMANDS

The conservation of human resources, particularly of the lives and well-being of the workers and their families:

1. By shortening the work day in keeping with the increased productiveness of machinery.

2. By securing to every worker a restperiod of not less than a day and a half in each week.

3. By securing a more effective inspection of workshops, factories, and mines.

4. By forbidding the employment of children under 16 years of age.

5. By abolishing the brutal exploitation of convicts under the contract system and substituting the coöperative organization of industries in penitentiaries and workshops, for the benefit of convicts and their dependents.

6. By forbidding the interstate transportation of the products of child labor, of convict labor, and of all uninspected factories and mines.

7. By abolishing the profit system in government work, and substituting either the direct hire of labor or the awarding of contracts to coöperative groups of workers.

8. By establishing minimum wage scales.

9. By abolishing official charity and substituting a noncontributory system of old-age pensions, a general system of insurance by the State of all its members against unemployment, illness, and invalidism, and a system of compulsory insurance by employers of their workers, without cost to the latter, against industrial diseases, accidents, and death.

POLITICAL DEMANDS

1. The absolute freedom of press, speech, and assemblage.

2. The adoption of a graduated income tax, the increase of the rates of the present corporation tax, and the extension of inheritance taxes, graduated in proportion to the value of the estate and to nearness of kin—the proceeds of these taxes to be employed in the socialization of industry.

3. Unrestricted and equal suffrage for men and women.

4. The adoption of the initiative, referendum, and recall, and of proportional representation, nationally as well as locally.

5. The abolition of the Senate and of the veto-power of the President.

6. The election of the President and the Vice-President by direct vote of the people.

7. The abolition of the power usurped by the Supreme Court of the United States to pass upon the constitutionality of the legislation enacted by the Congress. National laws to be repealed only by act of Congress or by a referendum vote of the whole people.

8. The abolition of the present restrictions upon the amendment of the Constitution, so that that instrument may be made amendable by a majority of the voters in a majority of the States.

9. The granting of the right of suffrage in the District of Columbia with representation in Congress and a democratic form of municipal government for purely local affairs.

10. The extension of democratic government to all United States territory.

11. The enactment of further measures for general educa-

tion and particularly for vocational education in useful pursuits. The Bureau of Education to be made a department.

12. The enactment of further measures for the conservation of health. The creation of an independent bureau of health, with such restrictions as will secure the full liberty of all schools of practice.

13. The separation of the present Bureau of Labor from the Department of Commerce and Labor and its elevation to the rank of a department.

14. Abolition of all Federal district courts and the United States circuit courts of appeals. State courts to have jurisdiction in all cases arising between citizens of the several States and foreign corporations. The election of all judges for short terms.

15. The immediate curbing of the power of the courts to issue injunctions.

16. The free administration of justice.

17. The calling of a convention for the revision of the Constitution of the United States.

Such measures of relief as we may be able to force from capitalism are but a preparation of the workers to seize the whole powers of government, in order that they may thereby lay hold of the whole system of socialized industry and thus come to their rightful inheritance.

CHAPTER X

National Morality and the Liquor Traffic

Bill to Tax Spirits in Warehouses: Debate in the House in Connection with the Bill on Moral Considerations in Taxation: George W. Ray [N. Y.], William P. Hepburn [Ia.], John D. Long [Mass.], Martin A. Foran [O.], William T. Price [Wis.], John W. McCormick [O.], Joseph D. Taylor [O.], Abram S. Hewitt [N. Y.], Seth L. Milliken [Me.]; Bill Is Enacted.

THE subject of national prohibition of alcoholic beverages was injected during the session of 1883-4 in discussion of a bill to extend the time for the payment of the tax on distilled spirits in warehouses. The bill was finally rejected.

Taxation with Incidental Morality

House of Representatives, March 22-27, 1884

On March 22, 1884, George W. Ray [N. Y.] spoke.

If the continuation of this tax shall result in the destruction of the rum traffic, so much the better for the people, for civilization, for education, for religion, for progress among the nations. The men engaged in its manufacture will seek and find other fields of labor; the capital invested in the manufacture of distilled spirits will find other paying business, and the corn and grain of all kinds used in the business will be perhaps cheapened for the laboring people. The farming interests would not suffer, for the grain would go to the increase of animal production, and the decrease in price if any would be more than made up in the saving of taxes now paid for the support of the almshouse, the lunatic asylum, the jails, and State prisons. Remove the curse of intemperance, and the court expenses of this country would be reduced one-half, and peace, plenty, happiness, and contentment would reign supreme in the homes now made desolate by this great evil.

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But we shall be told that this is idle, sentimental talk; that it is not practicable, and that we are to deal with the question of distilled spirits as a purely business question. That we must look at it in the light of profit and loss, and ignore the moral aspects of the case.

With the sober-minded, thinking people of this country the question of temperance has already become a practical question, and to some extent a political one. It reaches to their homes and firesides, to their pockets, to the peace of communities, and to the stability of the Government itself.

I am looking at the question in the light of profit and loss to the whole people, and not to a single State or community, nor the manufacturers and dealers in alcoholic spirits.

I shall never give my vote to aid or encourage the manufacture or sale of distilled spirits or alcoholic liquors of any kind for other than medicinal or mechanical purposes. With my last breath will I protest against any action by this Congress that shall lend the aid of this Government to the protection of the liquor trade.

There is no business in this country so rich and powerful, so grasping and aggressive, as the liquor interest. Its combinations are alarming and its influence beyond comprehension. What we gain in taxes for the support of the general Government we lose in the wealth of individuals, in the moral degradation of the people, in the increase of pauperism and crime, and in the direct tax upon the people in the several States for the support of the almshouses, inebriate, and lunatic asylums, jails, and State prisons. Gentlemen may figure out the profit and loss at their leisure, but they will find that the simple rules of arithmetic substantiate every statement that I have made.

William P. Hepburn [Ia.].—Gentlemen have told us that this great "industry" controlled the markets for corn and fixed the price of that staple. This sounds very strange to my ears. They tell us, too, that unless this bill passes there will be a falling off in the consumption of corn next year of ten millions of bushels, and the consequence will be ruin to the agricultural interests. Why, Mr. Chairman, did you ever recall the utter insignificance of the relation this industry bears to the corn production of the country? Two counties in the district I have the honor to represent have in a given year produced more than 18,000,000 bushels, the equivalent of the whole quantity consumed by all of the distilleries in the United States in the manufacture of spirits in the year 1883. The stoppage of every one of the 844 distilleries would have no more effect upon the price

of corn than the passing summer shower would have on the back of a duck.

Mr. Chairman, we are told that, unless we pass this bill and give the holders of whisky now in bond and on which they have been granted a period of three years in which to pay the tax of 90 cents a gallon two additional years, the entire "industry" will be ruined; that the distillers will be bankrupted, and that in their fall they will pull down banks, capitalists, and all manufacturers, thus involving the country in a period of panic and financial chaos such as we have seldom, if ever, witnessed.

There are almost as many laborers engaged in the two "industries" of making pickles and preparing patent medicines as are employed in the great "industry" of making distilled spirits, and the sum paid them as wages is very nearly the same. Surely, in the labor aspect of the case, no one would contend that irretrievable ruin would come upon us if the compounding of patent medicines and the preparation of pickles should be numbered speedily among the lost arts.

Mr. Chairman, ever since this debate began, and by every speaker supporting this bill, we have heard over and over and again repeated that the manufacture of whisky was a "legitimate industry," a "legitimate business." No one has attacked its legitimacy up to this time. Gentlemen have seemed to fear that such attack might be made, and have hastened to parry before a blow was aimed. In the sense that by the Federal law it is not proscribed I am willing to concede its legitimacy, and to the extent of the 18,000,000 gallons of alcohol and spirits that are used in the arts and medicines I am willing to concede legitimacy; but, sir, I am not willing to go further.

Legitimate industries are those that bring blessings to mankind; that lift the burdens from toiling men and women; that bring comforts; that feed, clothe, warm, and enlighten them; that brighten their lives and remove the shadows of care. They clear the forests and subdue the prairies; they build our cities; they bridge our rivers, carry railways across continents, work our mines, fill the air with the hum of spindles and the music of anvils; they mark out paths for commerce across oceans, and light the skies with the eager fire of countless forges. They make man better, happier, and give him gradual approach to the perfect standard of his Maker.

I have yet to learn, Mr. Chairman, that measured by these standards the manufacture of whisky could be classed with "legitimate industries."

One member has said that this class of manufactures during the Civil War kept our armies in the field, preserved the national credit, and enabled the Government to put down rebellion. Another has said that they erected the splendid public buildings that adorn this city. Up to the close of the war the total revenue raised from distilled spirits was but little in excess of $46,000,000; not enough to meet the expenses of the Government for fifteen days of war. This "industry kept our armies in the field!" Oh! no, sir; not the armies of patriotism. It was powerless to do that. But it did recruit some of our armies. It has ever been most efficient in recruiting the armies of crime, the armies of pauperism, the army of drunkards, unfortunate children of its thrift, that every year, many thousands strong, fall into dishonored graves.

"This industry erected our splendid public edifices!" Yes, Mr. Chairman, unfortunately it has. But not our capitols, not our seminaries of learning, nor yet our schools of art. It has erected our jails and poorhouses, our insane hospitals, and our penitentiaries; and here and there a gibbet is seen in the land that it, too, has erected. Whatever there are of the sad sights that may be seen in this otherwise bright land of ours, these are the fruits of this "industry." Is it a broken and dismantled home; a wicked life of wife or husband; a group of hungry-eyed, ragged children; a crowd of youths, neglected, drifting in idleness and ignorance crimeward; the ignorant criminal classes, withholding their quota of labor from the aggregate that produces the wealth of the State, who increase the expenses of him who bears his full share of the burdens of government; the classes who retard progress and make doubtful our civilization—if these sights are seen, or any of them, we may point with almost unerring certainty to this "legitimate industry" as the agency that has made possible scenes like these in every hamlet and town and city of this otherwise blessed country of ours. Except for the 18,000,000 of gallons used in the arts the "industry" might cease to be and no man would be the worse for its disappearance. But all men in every strata of society would have added prosperity, added blessing, additional hope. We are so knit together that every man is made to feel the woe it is laden with. In some way or other it comes home to each of us, and always with a curse. No day ever dawned upon nation or people brighter or more fraught with blessing than that good day coming when the evil flowing from this "industry" shall by wise prohibitory laws, backed by a more perfect civilization, be driven from the land.

On March 25 John D. Long [Mass.] spoke.

The gentleman from Maryland [John V. L. Findlay] waxed eloquent, and called this commodity a very "hell-broth" of woe, and asked if we were prepared to pour it broadcast over the land, instead of confining it in the receptacle of the warehouses of the nation. He knows better. He is not deluded with the notion that our warehouses are built and stored with whisky for the pleasure of its accumulation or with the benevolent purpose of keeping it from public use and public consumption. He knows that to pass this bill will indeed pile it up in those warehouses, but will pile it up only to be poured out a few years later—and the longer delay the more abundantly—in a deluge of ruin and madness over the land.

I, too, like him, find my guide not in any noisy clamor, not in any false outcry of the popular voice, but in my own conscience and judgment. And these tell me, as a matter of sound public policy, of recent historical experience, of present justice, of the true interest even of the parties appellant, of honest fulfillment of obligation and law, of statesmanlike prevention of greater impending evils, and of arresting, even at some possible cost to a few, a disease which, by delay, will only grow worse in its general calamity—these unite and tell me that it is my duty, even aside from all questions of domestic good morals, to vote against this bill. [Great applause.]

Martin A. Foran [O.].—The gentleman from New York [Mr. Ray] is mistaken if he believes that the production of distilled spirits is productive of poverty. The proposition that poverty is caused by intemperance is true only in isolated instances. As a general rule intemperance is merely an incident to poverty, which is to a very large extent the result of an unequal, an iniquitous distribution of wealth. If the gentleman can devise, and make operative by appropriate legislation, any plan by which the working classes can secure a just and equitable proportion of the wealth they produce, it will not be necessary for Government to buy grain to feed the poor and hungry.

Intemperance of every kind is an evil. But restrictive measures will not cure it. Human perfection can be attained only through education and intelligence, and the only way to advance the cause of true temperance is to improve the material conditions—intellectual, moral, and religious status of humanity. If you are determined to refuse these men relief simply because they deal in whisky, do so; but I submit it is neither fair nor manly to abuse them for furnishing the public with an article

which the public demands and insists upon having. If it is wrong to drink intoxicants as a beverage, convince the drinkers of that fact, and the production of the article for that purpose will quickly cease.

William T. Price [Wis.].—This petted, pampered pirate [the liquor business] comes asking alms, when in all its nefarious history it was never known to confer a blessing on a man, a State, or a nation. It asks to be selected from the whole multitude of business enterprises and placed above and beyond all the others as a recipient of public favor, in the face of the fact that it has been the deadliest and direst foe that the public has ever had to deal with.

Its advocates claim this remarkable concession because it pays annually a tax of near $100,000,000, but they would have us forget that it destroys grain enough to feed all the starving sons of earth; that it lowers the standard of public virtue, debases the public conscience, lowers the standard of citizenship, slimes its wicked way up to the seat of political power, destroys the high standard of intelligence and the nice sense of virtue so essential among a people every one of whom is a voter and thereby a ruler. They would have us forget that wherever its sway is recognized it has desolated homes, beggared its votaries, and physically, mentally, and morally dragged down and degraded its victims. They would have us forget that to-day, while we talk, all over this fair land its victims are suffering, starving, dying. They would have us forget that for every dollar which it pays to support government the legitimate industries and wealth of the country are taxed tenfold the sum thus realized to overcome or correct the costs of its destructive influences upon our people. They would have us forget that, financially considered, this branch of commerce has always been and must always and inevitably be a failure. They would have us forget that this business has always been a lawbreaker when it has been unable to buy such laws or lawmakers as suited its purposes.

The gentleman from Kentucky [Philip B. Thompson] said he never knew one of these temperance cranks but would "go behind the door and take a drink." I cannot dispute him; my only regret is that it has been his misfortune to have only associated with or made the acquaintance of the insincere and the unworthy, and I will do my unfortunate friend the kindness to inform him that there are heights he has not climbed, realms of moral excellence he has not explored, and that, if he will abandon the attitude of standing as the apologist of a trade that de-

grades, debauches, demoralizes, and damns everything it touches, he may thereby lift himself to the right of association with men whose patriotism would lead them to legislate for the "greatest good to the greatest number," whose philanthropy would impel them to reach down to the gutter and lift their weaker brother from the degradation to which he has been brought by commerce in whisky, and place him on the broader, purer platform of an independent manhood; men the purity of whose lives and conduct and their lifelong devotion to principle enable them to regard pityingly the men who charge them with insincerity.

This monster for which they plead was conceived in sin, born in corruption, and reared in iniquity. Its lullaby has been the sigh of the suffering, the yell of the maniac, the groan of the murdered; and its requiem shall be the clearly expressed and indignant protest of all respectable people against its longer existence.

On March 26 John W. McCormick [O.] spoke.

The question involved in this discussion seems to me to be one of policy against principle, of expediency against right. Policy asks what is easiest, what will pay best? while principle asks the question, What is right? and, knowing the right, performs it.

What ought to be done in regard to the liquor traffic is to members of this House in their official capacity a question of momentous importance. It is a question not to be dealt with rashly, or decided hastily, or without regard for the rights of the citizen; and by the citizen we mean the great body of our people of all classes and conditions in life. Statistics give the whole cost of liquors in the year 1873 at $700,000,000. A recent statement in an editorial of the New York *Tribune* gives the amount of $800,000,000 spent in this country yearly for drink; an amount exceeding by $100,000,000 the entire sum raised by taxes of all kinds, national, State, county, city, town, and school district, as stated upon the authority of the Census Bureau. America pays whisky dealers more than she pays the laboring classes. Drink costs more than three times as much as we pay for clothes, fourteen times as much as we pay for public schools, and eighteen times as much as we give to the poor.

A traffic that costs in actual payment and in loss of productive labor more than half the national debt every year is not

an insignificant matter to the true political economist, leaving out of the question the class who oppose the traffic from moral convictions. The cost of pauperism, of crime from intemperance, the waste of grain, and loss of productive industry in their effects upon the country cannot be evaded by the loyal statesman who has his country's good in view and seeks the perpetuity of our free institutions. Such a drain as these make on a nation's resources affords grounds for alarm that cannot fail to claim his thoughtful consideration, and against which he fails in duty if he does not lift a warning voice. But there is another phase of this question that necessarily presents itself for our contemplation; other things besides the pecuniary affairs of the nation affect its welfare.

Secretary Seward in his lifetime said:

> No republican government can stand that has not for its support the morality and virtue of the people.

In the same connection he goes on to say:

> But what a fearful decay of public virtue attends the liquor traffic, degrading and destroying to those who should become the pillars and strength of our Government.

It has been well said that "government emanates from the moral attributes of mankind. It is a thing of moral necessity, and its power and obligation are of a moral kind." It is the duty of the Government to make it difficult to do wrong and easy to do right, to throw around the citizen such safeguards and such wholesome protection as will secure him against the impure and vicious and stimulate within him the desire for the pure and the good. But the effect of the liquor traffic, direct and indirect, view it as he may, upon the individual and upon society, is paralyzing to the physical, intellectual, social, moral, and political well-being of the community and State.

Burke has defined law as beneficence acting by rule; but who, in looking at the immeasurable evils, can plead in behalf of the beneficence of the liquor traffic? The thousands of millions of revenue to the Government would soon fly upward in the balance as weighed against the burdens and griefs and anguish and death it entails upon society.

In its hold upon the country this traffic is aggressive in its character and is becoming more and more exorbitant in its demands. What other business or traffic comes into the council chambers of this nation seeking such help and such special privileges as are demanded by this bill? By what right or precedent does it come here seeking to be freed from its obligations, when no other business would for a moment indulge the thought even that it had any right to make such a claim? But this traffic, in all its boldness and effrontery, according to its accustomed habit of seeking to dictate and control the policy of States, does so assert itself and presents its claims for recognition here. The question that confronts us, then, is this: Is it right that this bill pass? Looking at that question in the length and breadth and full scope of its pecuniary significance, is it for the welfare of our citizens, the comfort of our free homes, and the prosperity of our country? Can we honestly, sincerely, and conscientiously answer that question in the affirmative by our votes in favor of this bill? Are we to give this commerce of death a stronger hold upon us, or is it not a wiser, safer, truer, nobler policy to seek rather to loosen its hold on the vitals of this nation than to suffer it to bind us more strongly in its fatal coils?

JOSEPH D. TAYLOR [O.].—We have been asked to ignore the moral aspect of this question. When we are asked to pass over all the great realm of productions and select one as the object of special legislation, cannot we inquire as to the effect of the only use to which this commodity is applied? It is impossible to avoid doing this, as is evidenced by the fact that the friends of this bill were the first to discuss the moral phase of the question and have kept it up all the way through this discussion. They felt the necessity of this and began to defend before they were attacked, and from the first speech to the last thus far they have felt the necessity of meeting this phase. They have steadily sought to divert attention from the moral phase of the question by the statement that it is a purely business measure, connected with a branch of industry that is adding constantly to the national resources.

It has been said, and truly, that this is a great business, involving millions of dollars, but I deny that it is any source of wealth to this country. You cannot separate a business from its legitimate results, and the legitimate results of the whisky business, trace it where you will, are poverty, suffering, degradation, disease, and death. Every dollar it brings into the coffers of its vendors is reeking with blood and tears. The modicum of value it may have as a mechanical and medicinal agency is overborne and buried out of sight under the untold burdens it binds upon humanity. Beneath its touch the strongest arm falls paralyzed and the clearest eye grows dim. Youth,

strong ambitions, glorious youth, becomes feeble and palsied as with age at the blighting touch of this monster; keen intellects lose their godlike powers and grovel in the dust. Kind hearts are turned into demons, and blight and blast, without a throb of remorse, their own most cherished ones. Home and friends and peace and honor all go down in one surging sea of horror, and the starless night of a drunkard's eternity closes over more than 60,000 souls in our own country every year. And yet gentlemen can stand here and make a jest of intemperance, and wreathe their lips with sarcastic smiles at the idea of there being any question of temperance in a whisky-extension bill. The financial ruin so touchingly depicted here as consequent upon the failure of this bill will, if it should follow, not be the first financial ruin that has dated back to whisky. The country is full of the scarred and blackened ruins of homes and fortunes and the darker ruins of noble lives, the wrecks of manhood and womanhood, the foul and festering things cast up from the mire and filth of intemperance, which but for this "legitimate business" might have been radiant with the attributes of Heaven.

There is no turning away or ignoring these considerations or casting them aside with a flippant jest. They confront us on the floor of this House hidden in the provisions of this bill; and, disguise it as you may, it is the increasing and awakening conscience of this nation that is making it more and more difficult for the whisky power to succeed in its arrogant demands. It is the gleam of light on the horizon of the future, the one bow of promise against the dark background of the present, that men are coming to understand more fully and appreciate more correctly the animus of this business. And the time is coming when our children will blush for us that we should ever have temporized with this deadliest foe to human progress and human happiness.

ABRAM S. HEWITT [N. Y.]—Revenue taxation has nothing to do with morality or charity. The Constitution under which I have been brought up and have sworn to obey declares that taxation is for revenue and for revenue only. [Applause on the Democratic side.]

But we have had a school in this country which has been dominant, the members of which believe in taxation for protection; and we have had taxation for protection until the people of this country have been differentiated into two classes, the very rich and the very poor. Now that this system is breaking down, aye, when the light is penetrating into the State of Massachusetts, which has been the home of protection, but from

which we now get the strongest advocacy of the doctrine of free raw material, it is necessary that the members of that school who have exhausted all the possibilities of taxation for protection shall invent a new gospel. And it was announced here yes-

"ALCOHOL IN THE ARTS"

How "protection" is to be taken. Open your mouth and shut your eyes

Cartoon by Thomas Nast

terday—taxation for morality. I suppose the gentleman would prefer me to say taxation for revenue with incidental morality. [Laughter.]

That idea is worthy of the party of great moral ideas. If you can support this Government or any government upon the vices of its people, if you can devise a revenue system which will compel those who depart from the ways of virtue to pay the

expenses of the Government, then you will produce a new development truly admirable and worthy to be welcomed as the beginning of the millennium. Instead of dividing this country into the very rich and the very poor, you will divide it into the very good and the very bad, and the bad men will be made to pay all the expenses of the good men. Then, having founded your Government on the great basis of human depravity, you may economize to your heart's content, for you will want no more churches and no more colleges, but taxation for morality will be the panacea for all our woes. [Laughter.]

I have said that taxation has nothing to do with moral questions. It is just as legitimate to produce whisky, so far as taxation is concerned, as it is to produce pig iron. In the eye of the law both industries are equally reputable and equally valuable to the community. As a pig-iron maker, knowing its vast uses, I am at a loss to-day to say whether the production of iron, so the production of alcohol, is more useful to the human race. Yet if any man to-day were to propose to impose a tax upon the manufacture of pig iron he would be hooted out of this House, as he ought to be.

This is either a legitimate industry or it is not. If it is not a legitimate business, then it ought to be stopped; there can be no compromise. But, if it ought to be stopped on moral grounds, it does not belong to the national Federal Government to prohibit it. That is a matter of police regulation which is reserved to the States. Let them deal with moral questions; we here have nothing to do with them. Having nothing to do with the moral question, and having, as I believe, satisfied you, or at least satisfied myself, that no tax ought to be imposed upon production in any lawful industry, then there is but one logical conclusion; that is, that this tax ought to be abolished altogether, because such a tax violates a fundamental economic principle.

I vote for this bill on the broad proposition that it will be the first honest step toward the doctrine of free raw material, which in my judgment is the vital question of this age and this generation in the industrial development of this country.

Now gentlemen may be under some misapprehension as to the nature of the production of alcohol and its uses. I observe that alcohol has been dealt with here mostly on the ground of being a beverage, and a bad beverage at that. No gentleman here has brought to the attention of the House and the country the vast uses of this commodity in the arts. I myself have been profoundly astonished at the investigations I have had to make;

and you will be, Mr. Chairman, when I tell you that I am satisfied that one-half of the entire alcohol which is produced in this country is to-day, notwithstanding the drawback of an enormous excise duty, used in the arts, and not more than half is consumed as a beverage.

The varied uses of alcohol are beyond any estimate. I find it in the household, in the surgery; I find it in the photographer's shop and among the artists; I find it in every kind of manufacture with which I have anything to do or of which I have any knowledge. I find it to be the universal solvent by which all substances are transferred from one form to another; and I find this vehicle taxed as if it were on a turnpike road with a toll-gate every half mile. Yet we are expected to make progress in the innumerable arts dependent upon the use of alcohol as a vehicle.

Mr. Chairman, I announce now that from this time out, with my voice and my vote, I shall support every bill that proposes to free alcohol; and I shall not cease to work in that direction until the total abolition of this tax is accomplished.

Seth L. Milliken [Me.].—It needs not that a man should be what gentlemen are pleased to style a temperance crank, it needs not that he should be a teetotaler or a prohibitionist, it needs only that he should be an intelligent man, observant of what is transacting in every community, to know that the whisky traffic inflicts upon our people one of the greatest of all their misfortunes, and it needs only that one should be a patriotic man and a lover of his race that he should most deeply deplore it. And, when the gentleman from Kentucky [Mr. Thompson] was depicting in colors so vivid the tears and sorrows of the wives and children of the whisky dealers to be made bankrupt by payment of their taxes, I could not but think how much broader a field he might have had for his eloquent description had he attempted a recital of but a small fraction of the pains and sorrows, misery, degradation, and crime of which whisky has been the prolific parent.

Whisky pleading for sympathy is like the boy who, having murdered his father and mother, when convicted of the crime and asked why sentence of death should not be pronounced upon him, appealed with tearful eyes to the court to have mercy upon a poor orphan!

Congress may give that permission, and that with that permission the States may pass the regulation or prohibitory enactment which they see fit.

I wholly concur in the propriety of this bill, but I suppose the principle of the opinion of the Supreme Court applies as well to gunpowder that a State may deem insecure and may desire to regulate the sale of as dangerous to safety, or to opium, a deadly drug, and poisons of all kinds. I should have preferred, myself, that the bill should apply to all articles the prohibition or regulation of the sale of which a State thinks necessary for its health, morals, or safety; but, as so large a number of State laws in regard to the sale of intoxicating liquors are affected by this proposed legislation, it is quite important that it should not be delayed, and therefore I agree with the rest of the committee in this bill.

George C. Vest [Mo.], of the minority of the committee, spoke against the bill.

I do not believe the Supreme Court of the United States ever intended to assert that Congress could permit a State to invade the exclusive interstate-commerce power of the national Congress. This bill, although it comes in a different shape from the other, does the same thing, and if we now can pass this measure giving to the State of Iowa the power to declare what is a subject of interstate commerce, as is done by this bill, the same power can be given under similar circumstances as to any other article of interstate commerce to Missouri and every other State.

Senator Wilson said:

While I may not believe that the decision of the Supreme Court is a sound interpretation of the Constitution of the United States, I recognize the suggestion and regard it as a possible method of removing from the way of the States that obstacle which prevents the enforcement of their just police powers.

I may say that under that decision, without some such legislation as this, no State in this Union can ever apply prohibition, license, local option, or any other form of control to the subject of the traffic in intoxicating liquors.

CHAPTER XI

The Original Package [Liquor] Decision

James F. Wilson [Ia.] Introduces in the Senate Bill Subjecting Liquors Imported into a State to Laws of the State—Debate: George F. Hoar [Mass.], George G. Vest [Mo.], Matthew C. Butler [S. C.], James L. Pugh [Ala.], George Gray [Del.], George F. Edmunds [Vt.], John R. McPherson [N. J.], Henry L. Dawes [Mass.], Frank Hiscock [N. Y.], John H. Reagan [Tex.], William M. Evarts [N. Y.], Sen. Wilson—Sen. Gray Offers a Substitute Measure; It Is Passed by Senate; Conference; New Bill Is Enacted.

ON December 4, 1889, James F. Wilson [Ia.] introduced in the Senate a bill subjecting liquors imported into a State to the provisions of the laws of that State. It was referred to the Judiciary Committee. The committee reported a bill on the subject on May 14, 1890.

Original Package Bill

Senate, May 14-28, 1890

George F. Hoar [Mass.], of the committee, explained the occasion of the bill.

This bill is rendered necessary, in the opinion of the committee, by the late decision of the Supreme Court of the United States (Leisy & Co. *vs.* Hardin), which holds that intoxicating liquor manufactured in one State, conveyed into another, and there sold by the manufacturer or his agent, is protected by the Constitution of the United States from any regulation or prohibition of that sale by the State law on the ground that such prohibition or regulation is an interference with the regulation of commerce between the States. The Court, in their opinion, say that the States cannot pass such prohibitory or regulating statutes without the permission of Congress, which is understood to imply an opinion on the part of the Court that

On May 20 Senator Wilson explained the effect of the bill.

The effect of the bill, if it shall become a law, will be to leave every State in the Union free to determine for itself what its policy shall be in respect of the traffic in intoxicating liquors. If a State shall desire prohibition it can adopt it and exercise it and enforce it under the provisions of this bill. If it shall desire license, high or low, the same conditions will attend that policy so far as this bill is concerned. If it shall prefer to adopt the policy denominated local option, it may do that, so that the traffic may be allowed in such counties or cities as desire it and prohibited in others.

Unless this bill or something which shall be its equivalent shall be enacted by Congress, then the several States are at the mercy of the citizens of other of the several States, and not only that, but the subjects of all foreign governments will have in the States of this Union greater rights and privileges than the citizens of the States have themselves.

Mr. President, that State which I in part represent in this body elected as its policy the prohibition of the manufacture and sale of intoxicating liquors. The people of the State are satisfied with it; they desire the enforcement of their law; but, since the decision from which I have read an extract was announced, agents of distilleries and breweries in other States of the Union are already traversing Iowa and organizing "the original-package saloon" within the State, and there is no limitation as to what "the original package" may be. It may be a pint or a half-pint bottle of whisky; it may be a bottle or a keg of beer; it may be in any quantity and whatsoever form of package agreed upon between the manufacturer of another State and the agent that he may send to transact his business in Iowa.

The State of Iowa wants her present policy; and she should have an opportunity to administer it until her people determine to adopt something else in its place.

MATTHEW C. BUTLER [S. C.].—Does the Senator hold that under the decision of the Supreme Court the State of Iowa would have the right, after the package gets into that State, to prevent the sale or take control of it in any way after it crosses the line?

SENATOR WILSON.—Undoubtedly the decision of the Supreme Court protects every package that may be transported into that State from abroad, from foreign countries or from other States, until it shall have passed from the hands of the importer and

thereby become mingled with the common property of the State.

SENATOR BUTLER.—Then the State has the right to interpose by its laws and prevent the sale or any disposition of the article imported?

SENATOR WILSON.—After it shall have passed from the hands of the importer or his agent. But under this decision, whatever package may be introduced there—for instance, the brewer in Illinois, the distiller in Illinois or any other State may arrange to send his package in there, even in the shape of a vial containing a single drink, and organize his saloon on that basis, the importer holding possession, protected by the decision of the Supreme Court, until that package shall pass from his possession into the hands of his customer and that customer may drink a single drink of whisky in that original-package saloon in the good State of Iowa, and in spite of her laws.

SENATOR VEST.—The Senator from Iowa [Mr. Wilson] says that under the decision of the Supreme Court as it stands the citizens of any foreign country would have more rights than the citizens of any other State which may have adopted the prohibitory system.

Mr. President, the same argument would apply to any article of interstate commerce under the decision of the Supreme Court of the United States, and the argument of the Senator from Iowa, if worth anything, would sweep away the exclusive jurisdiction of the Congress of the United States over interstate commerce.

What has the Supreme Court decided? The Supreme Court has decided emphatically by a majority of its justices that alcoholic stimulants are an article of interstate commerce. They have decided, in the second place, that the power to regulate commerce among the States and with foreign nations and with the Indian tribes is an exclusive power vested by the Constitution in the Congress of the United States.

In the celebrated license cases, where Chief-Justice Taney and three of his associates rendered a dissenting opinion, five of the justices rendered an opinion that the interstate-commerce power of Congress was exclusive of any power within the States, and the other judges, some of them emphatically and some by indirection, held to the opinion that the power to regulate commerce was a concurrent power vested by the Constitution of the United States in certain cases in the States themselves.

The Supreme Court of the United States, in the case to which the Senator has referred, and which has called forth this

proposed legislation, reaffirmed the doctrine of Gibbons *vs.* Ogden and the doctrine of the five judges, comprising the majority of the Supreme Court of the United States in the license cases, and upon one single expression which was *obiter dictum*—as I think I will show beyond a question—upon one single *dictum* of the chief justice who delivered this opinion is based the bill now pending in the Senate.

Let us in the first place understand, in the language of the court itself, what it has decided. Chief Justice Fuller says:

> The authority of Peirce *vs.* New Hampshire, in so far as it rests on the view that the law of New Hampshire was valid because Congress had made no regulation on the subject, must be regarded as having been distinctly overthrown by the numerous cases hereinafter referred to.
>
> The doctrine now firmly established is, as stated by Mr. Justice Field in Bowman *vs.* Chicago, etc., Railway Co., 125 U. S., 507, "that where the subject upon which Congress can act under its commercial power is local in its nature or sphere of operation, such as harbor pilotage, etc., which can be properly regulated only by special provisions adapted to their localities, the State can act until Congress interferes and supersedes its authority; but where the subject is national in its character, and admits and requires uniformity of regulation, affecting alike all the States, such as—

Now mark it—

> transportation between the States, including the importation of goods from one State into another, Congress can alone act upon it and provide the needed regulations. The absence of any law of Congress on the subject is equivalent to its declaration that commerce in that matter shall be free. Thus the absence of regulations as to interstate commerce with reference to any particular subject is taken as a declaration that the importation of that article into the States shall be unrestricted. It is only after the importation is completed, and the property imported is mingled with and becomes a part of the general property of the State, that its regulations can act upon it, except so far as may be necessary to insure safety in the disposition of the import until thus mingled.

Now, says Chief Justice Fuller, commenting upon this decision of Mr. Justice Field in the case of Bowman *vs.* Chicago and Northwestern Railway Company:

> The conclusion follows that, as the grant of the power to regulate commerce among the States, so far as one system is required, is exclusive, the States can not exercise that power without the assent of Congress—

Upon these words, a simple *dictum*, is based the bill that is now pending before the Senate—

> and, in the absence of legislation, it is left for the courts to determine when State action does or does not amount to such exercise, or, in other

> words, what is or is not a regulation of such commerce. When that is determined, controversy is at an end.

Now, Mr. President, I repeat that upon those simple words, a manifest *dictum* interpolated into this opinion, not necessary to the decision of the question pending before the Supreme Court, which intimates that Congress can give its permission to a State to regulate interstate commerce, is based the legislation that is now proposed.

When the Supreme Court declares that alcoholic stimulants are a subject of interstate commerce, can the Congress, when it is vested by the Constitution with exclusive power (and the Supreme Court has so decided in regard to the importation of alcoholic stimulants from one State to another), delegate that power to a State? That is all there is of it. It is not a question of the police power of the State; it is a question of delegation.

If that power can be delegated in regard to an article of merchandise, which alcoholic stimulants are admitted to be, it can be delegated, if sufficient political influence can be brought to bear in these halls, as to wheat, or corn, or oats, or oleomargarine, or any other article which is the subject of interstate commerce.

Are we to make this new departure? Are we upon the *dictum* of the Supreme Court to tear down the barriers of the Constitution? Are we to uproot the settled doctrine based upon the highest motives of policy to prevent confusion between the States and create uniformity?

In the Fiftieth Congress a bill was offered by the Senator from Iowa which had the same effect as the bill now pending, but differently constructed. That was referred to the Judiciary Committee. Five of us voted that the bill was unconstitutional and made a report against it, which was drawn by the Senator from Mississippi [James Z. George].

The Senator from Mississippi now substantially agrees with the majority of the committee. He comes to the conclusion that the Supreme Court of the United States has decided that Congress can give permission to a State to interfere in interstate commerce. That is his opinion, but it is not my opinion.

JAMES L. PUGH [Ala.].—It is perfectly manifest that the bill could not pass if it were not for the suggestion in the opinion of the Supreme Court that Congress can grant permission to a State to exercise the power of prohibiting the importation of intoxicants into her limits in the original package. Can that

question of the power of Congress to give its consent, its permission, ever be raised and decided by the Supreme Court if this bill is not passed by Congress? How can we ever get the question decided if we do not pass this bill?

SENATOR VEST.—Mr. President, if I were requested courteously to frame a case for a moot court in a law university, I might be then willing to do what the Senator from Alabama intimates we ought to do; but I still have an old-fashioned idea that I have sworn to support the Constitution, and that I cannot vote for a bill which I think violates it.

GEORGE GRAY [Del.].—I observe in the opinion of the Supreme Court upon this case there is this language:

> Whatever our individual views may be as to the deleterious or dangerous qualities of particular articles, we can not hold that any articles which Congress recognizes as subjects of interstate commerce are not such or that whatever are thus recognized can be controlled by State laws amounting to regulations, while they retain that character.

Now, without going into the matter of fact whether Congress has affirmatively recognized any particular article, such as intoxicating liquors, as a subject of interstate commerce, as it decided in the case of Brown *vs.* The State of Maryland that Congress had recognized that the articles there were the subjects of foreign commerce by imposing a duty upon them and including them in the schedule of dutiable articles, I ask the Senator whether it is not competent, within the meaning of the language of the Supreme Court just quoted, for Congress to decide by the passage of a bill that its jurisdiction under the commerce clause of the Constitution shall be confined to certain subjects-matter of commerce, or the converse of that proposition, that certain subjects-matter, or things that might be considered subjects-matter of commerce, shall be excluded from the jurisdiction under the commerce clause of the Constitution. Is it not true that Congress may limit the scope of the exercise of the power conferred upon it by the commerce clause of the Constitution?

SENATOR VEST.—I do not think so, because that is liable to the very objection which I have urged and which is at the bottom of this whole discussion. That clause of the Constitution gives an exclusive power to Congress, and the reason it was given to Congress was to prevent the very thing which would happen if the contingency arose contemplated by the Senator from Delaware; and what the framers of the Constitution meant was that there should be an impartial tribunal, the Congress of

the United States, which should dispose for itself and in and of itself of all questions of interstate commerce, and which was intended to do away with the evil that was a giant one under the Articles of Confederation, when every State undertook to regulate that matter for itself.

If the Congress of the United States should do what the Senator from Delaware says, then it would only change the form of this action, and the same evils would come eventually. In other words, when they had said certain articles are articles of commerce, at the expense of one State, another State would come and add certain other articles, and if it had the power to carry Congress that would be the result.

GEORGE F. EDMUNDS [Vt.].—We are now on purely a question of constitutional law. I suppose that the Senator will agree that the traffic in passengers, the movement of persons from foreign countries to the United States and from State to State, is commerce, as the Supreme Court has decided.

SENATOR VEST.—Not all of it.

SENATOR EDMUNDS.—Where is the exception?

SENATOR VEST.—It goes further than the actual transit from one State to another or from a foreign country to this.

SENATOR EDMUNDS.—No, it is not all commerce, but it is a part of commerce.

SENATOR VEST.—Unquestionably.

SENATOR EDMUNDS.—Now, then, Congress has not chosen to pass any law on the subject of preventing the introduction of lepers into the United States, and the State says by law "that no person afflicted with leprosy shall come within the borders of this State at all, either from a foreign country or from another State." The movement of a leper, as a physical fact and as a mercantile fact, the paying transportation and all that, is just as much commerce as the movement of a healthy man is. Now, can Congress allow, or take its hands off, or whatever phrase you like to employ, and permit a State to say that no leper shall come into this State at all from anywhere?

SENATOR VEST.—Mr. President, we come back to the same question, no matter which road we travel; and that is whether this is not an exclusive power in the Congress of the United States and whether they can delegate it to the States in one form or another. The proposition made by the Senator from Vermont as to a leper does not touch this case at all, because the Supreme Court has decided that the commerce clause of the Constitution never was intended and never could have been intended to take away from the States the reserve police power

to protect the life and health of their own citizens, and it has decided over and over and over again, as my friend from Vermont knows, that an article which is diseased and deleterious to human life and health can not be an article of commerce.

SENATOR EDMUNDS.—Where is the right to decide whether the article is diseased or not? Is it in the States or is it in the United States?

SENATOR VEST.—The power at last would be a judicial one; that is a question of construction, and it would rest with the Supreme Court. That brings us to the very point of this whole matter. No State has the right to say what shall be an article of commerce, and the Supreme Court has decided over and over again that that is a question for the national Congress to determine.

JOHN R. MCPHERSON [N. J.].—I should like to ask the Senator whether in his opinion the right to import an article implies the right to sell it and the unrestricted use of all the channels of importation, whatever they may be, to the consumer. For instance, take the right to import a package of liquor into a State, which I understand Congress has not interdicted in any way, it being interstate commerce, where there were prohibition laws, where does the power of the State begin and where does the power that you get under the right to import cease?

SENATOR VEST.—The Supreme Court of the United States decided that in the case of Ward *vs.* Maryland, and the authority has been unbroken. It is decided in the case which is now before the Senate in regard to which this proposed legislation is asked. The broad doctrine is this: The power to import carries with it the power to sell, because the Supreme Court has said without the power to sell the other grant of power is nugatory and void. The interstate commerce clause of the Constitution attaches so long as the merchandise remains in an unbroken package in the hands of the importer. When it is sold, when the package is broken and the goods are mingled with the other goods of the citizens of the State, the merchandise ceases to be interstate commerce merchandise and becomes subject to the police power of the State. That is the decision of the Supreme Court of the United States simply repeated in the case which has been read here.

SENATOR MCPHERSON.—Then the regulation of the State begins when the package is broken?

SENATOR VEST.—The regulation of the State begins just so soon as the original package goes out of the hands of the im-

porter and the goods become mingled with the other goods of the State.

SENATOR EDMUNDS.—If I may ask the Senator a question, how can that be so on the logic of what my friend is saying? The Supreme Court, he says, has held that anything that a State does which tends to restrain interstate or external commerce is a regulation of commerce, indirect, but still effectual. If a man imports a ton of dynamite into the city of New York for use in the State of Missouri, to blow up St. Louis, etc., as his motive may be, but nobody knows that, upon what principle is it that Congress or the Supreme Court can say (Congress may say it, the Supreme Court can not) that that is secure in the hands of the man who imported it, while it is not secure in the hands of the man to whom he has agreed to sell it, because the effect of the repression is just as great when the property comes into the hands of the second owner as it is in the hands of the first, as everybody knows. The line is in another place when the Supreme Court comes to find it out.

SENATOR VEST.—The Supreme Court of the United States has always held that so far as the health and life of the citizens of a State were concerned the State had the power, it has it now, and always has had it by its police power, its reserved power, to protect that life and that health. If it is dynamite or gunpowder every Commonwealth in the Union has the power, whether it is the Government of the United States or the government of the State of Missouri or Vermont, to protect the health and life of its citizens. That is a power which always exists. It is an attribute of sovereignty. It is something the State can not divest itself of, for the Supreme Court has said that no State would have the right to divest itself of the power to protect the health and life of its own people. That shows how great and sovereign is their power and how absolute is the necessity of its exercise.

A remarkable spectacle is presented here in that extreme State-rights men defend the decision of the Supreme Court of the United States. It is the highest assertion of State rights to declare that the general Government has exclusive jurisdiction of certain questions and that the general Government alone can exercise that jurisdiction. If you once break down that barrier you destroy the doctrine of State rights. I therefore, a State-rights man beyond question, stand here to-day to defend this decision of the Supreme Court, and to declare that with Congress alone rests the exclusive power to declare what shall be a subject of interstate commerce and to regulate it.

SENATOR HOAR.—Mr. President, if this bill be not within the constitutional power of Congress, I think we must all agree that the condition of the American people in regard to this particular subject is more miserable than that of any other civilized nation on the face of the earth. I suppose there does not exist a community where men live together under law where the danger of permitting the unrestricted sale of intoxicating liquor is not recognized and guarded against by public authority.

Unless what we propose or its equivalent can be done, what is the result? The law, as I understand it, in the United States is this for the present and for all future time (unless we have a new Constitution in this respect), that any person, a dweller in another State or in a foreign country, may, through his own agencies, send intoxicating liquor into any of the States of this Union, and, having selected the kind of package in which he chooses to put it, he may, by those agencies, deliver it for use to any citizen of the State or dweller therein, and that it shall not be competent for any State authority to prohibit that delivery to a drunken man who has just come from a frenzy in which he has threatened the life or safety of his wife or children, to a criminal who desires it to fortify his courage for the commission of a crime, to a maniac or idiot whose slender intellect overcome by it will be simply the moving force to some arson or murder or assault by which the life and health and safety of innocent persons are threatened.

It is declared by the honorable Senator from Missouri [Mr. Vest] that, as he understands the law expounded by the supreme legal tribunal in this country, that is the condition of things to which we are to be hereafter exposed, with the supposable and practically impossible alternative that Congress itself shall enter upon the regulation of the traffic in intoxicating liquor so far as it is carried on by the agents of citizens of other States or citizens of other countries than the place where the liquor is to be sold and delivered.

Mr. President, one thing I think no man will question who knows anything of the history and character of the people of this country, and that is that if it had been supposed that the adoption of our fundamental law would have led to any such constitutional result there would not have been a State of the Union that would have given its assent to the adoption of the Constitution. It was hard enough as it was, and required the utmost exertion of the authority of the weightiest, and wisest, and best citizenship of that day, to induce nearly all the States

to give their assent to the adoption of the Constitution, but if it had been said, "You are proposing an instrument to take from you the right to control your own beer shops or the sale of intoxicating drinks within your borders when it is attempted to be exercised and accomplished by the agency of persons living without your borders," I do not believe there would have been a hundredth part of the citizens of any State existing at that day who would have given their votes for the adoption of the Federal Constitution.

My honorable friend from Missouri spoke of this as a question of State rights. It is not a question of State rights. It is the question of the right being lodged anywhere to control crime.

When certain classes of our citizens or certain classes of political opinions are found now denying to the State, now denying to the United States, the power to exercise this, that, or the other function of legislation, it is not because they want to save the right, however they may deceive themselves, to do the thing to the place where the Constitution has lodged it; it is because they do not desire the legislative control over that thing to be exercised anywhere. As a rule, you will find that that class of citizens who are in favor of the most ample, thorough, and beneficent exercise of the constitutional and national rights of this Government are also in favor of the most ample, thorough, and constitutional exercise of the legislative powers and rights of the States for the public good, and they are also, as a rule, equally in favor of the most ample, thorough, and constitutional exercise of the right of the citizen to govern himself in regard to the matters where the human will goes astray, unless it is submitted to its own moral government. You will find in those sections of the country where the advocates of the powers of the nation dwell State vitality, State life, individual vitality, individual life, individual enterprise, all in the fullest and most benignant and most complete play.

Now, the Supreme Court of the United States, both majority and minority, in the decision which has been under discussion, have declared their opinion. Of course it is an *obiter dictum*, as the Senator from Missouri has said, but the concurrent opinion of these nine great lawyers on a grave constitutional question before them which they are considering in all its relations, even if not essential to the judgment which they are about to render, is entitled, I suppose, to the highest respect, a respect only surpassed by that which we owe to the constitutional judgment of the court itself.

What is it they have said Congress may do to remedy this difficulty? They have not declared that we may delegate power to the States of this Union. They have not declared that the reserved power which the Constitution leaves to the States or to the people thereof respectively can be enlarged or abridged one whit by act of Congress. They have not undertaken to say that there can be any legislative action of a State of this Union (unless, perhaps, it relates to some matter of national property which we may cede to them) which can derive the least vitality from any denial of our own power or affirmation of theirs by legislation. What they have undertaken to say is this—and it is what was suggested during the remarks of the Senator from Missouri by the honorable Senator from Delaware—they have undertaken to say that, recognizing the complete and exclusive control of Congress over interstate and international commerce, Congress may also by legislation declare that certain subjects shall not be for legislative purposes treated as subjects of interstate commerce, and that the question whether a particular contract is a contract of interstate or international commerce within the legislative power is not to be determined by the Supreme Court as a question of absolute fact of which they take judicial notice, but may be determined by the Congress of the United States in declaring that for all legislative purposes this shall not be considered as within the domain of interstate commerce.

Whatever Congress ought to do or might properly do in respect to the District of Columbia or the Territories, I suppose no Senator who differs from me on this question believes that Congress is likely to enact uniform laws for the entire country for the regulation of the traffic in intoxicating liquors which are conveyed from State to State or from foreign countries into any State.

HENRY L. DAWES [Mass.].—I should like to ask my colleague what would be the condition of things in a State if Congress should undertake to do that thing? As Congress can not regulate it among the citizens of the same State, there would be one rule for the foreigner and another rule for the inhabitant of the State.

SENATOR HOAR.—That suggestion of my colleague, as well as many others which might be added to it, would of course make it unlikely that we shall enter upon that field of legislation just now.

FRANK HISCOCK [N. Y.].—I ask, as a constitutional question, if, in the Senator's judgment, it is within the power of Congress

to delegate to a State the right to prohibit the introduction into that State of any article of manufacture such as wool.

SENATOR HOAR.—I do not think I should go quite as far as that, but I would say that of course to do that in regard to the manufacture of wool would be a plain and gross violation of the sworn public duty of all of us.

SENATOR HISCOCK.—I suggest it purely as a constitutional question.

SENATOR HOAR.—But this is a question of the boundary line between two conflicting powers, one the police power, clearly reserved to the States, and one the power to regulate commerce, exclusively confided to the Government of the United States. Either that boundary is to be determined as a question of fact, if we may speak of this as a question of fact, a judicial question, to take judicial notice of it by reason of the nature of the subject-matter, which is practically impossible or difficult of attainment, or it is to be treated as a matter of law.

If it be a matter of law, it is a matter which the law-making power of the country may declare and determine and define. I hold, just as the Supreme Court said in the Louisiana case (to take that single illustration, which is better than any other, because it is one which the court itself has affirmed), that, it being clearly a reserved power and a duty of the people of the State of Louisiana to protect the city of New Orleans from infection or pestilence as a police power, the power of preserving and looking after the safety of their citizens, it being also a power of Congress to regulate interstate commerce, and in the course of that regulation to prohibit, if it see fit, the introduction of diseased and unhealthy persons or things, as the case of the leper put by the Senator from Vermont, there comes a domain which, as a matter of fact, could clearly be within one of these powers if the other did not exist. Suppose there were nothing but the United States as a Government where you come to these conflicting and overlapping domains. The Supreme Court of the United States say, as I understand the entire current of their decisions and as I understand the affirmation both of the minority and the majority in this last case, Congress may determine, as a question of law, as a matter of legislative enactment, the boundaries and limitations of those two jurisdictions, and as Chief Justice Fuller said in the course of his opinion in the case which has given rise to this bill:

Undoubtedly there is difficulty in drawing the line between the municipal powers of the one government and the commercial powers of the other, but when that line is determined, in the particular instance, accommodation

to it, without serious inconvenience, may readily be found, to use the language of Mr. Justice Johnson in Gibbons *vs.* Ogden, 9. Wheat., 1, 238, in "a frank and candid coöperation for the general good."

SENATOR HISCOCK.—The other suggestion that I desire to make to the Senator is this: In respect we will say to the quarantine laws and in respect to navigable waters, they are entirely within the jurisdiction of the State for certain purposes and the State has the jurisdiction to legislate in respect to them until Congress takes that jurisdiction itself, absorbs it, takes the domain of it, because it in its wisdom thinks it wise to exercise certain powers or pass certain laws. Now, my mind is rather bent on inquiry than otherwise in respect to this provision. The State has no power primarily to regulate or to interfere with the goods against which this prohibition is aimed. It has no jurisdiction of the subject whatever. That has been decided. Now, having no jurisdiction originally, and that jurisdiction being absolutely vested in the Federal authority, can Congress delegate it? Is there not a wide difference between that class of cases and the class which the Senator has suggested, where the State has the power, until Congress has taken jurisdiction of the subject, to pass such laws and regulations as it chooses? It seems to me that there is a wide distinction.

SENATOR HOAR.—I differ with the Senator from New York in the premises.

SENATOR HISCOCK.—In one case the court holds that while the State has jurisdiction of the subject it can pass its regulating laws until Congress steps in and says, "No, you can not; we take jurisdiction of the subject, and your jurisdiction must yield to ours. It must yield to the Federal jurisdiction; you can not override it." In this case, I suggest to the Senator whether it is not a change in which the State has no jurisdiction whatever. The State can not touch it or legislate in reference to it, and the Supreme Court has so decided, until that power is given to it by Congress. The question is whether Congress can grant that power.

SENATOR HOAR.—Mr. President, I have endeavored in what I have said to express my own idea. On the question of delegating the right I certainly agree with the Senator from New York and with the Senator from Missouri, and I can designate it as strongly as I can make the statement. I think the State has an original and primary power to protect a child of ten years of age within its limits against danger to its

morals, and the State has an original and primary power to say that nobody shall sell intoxicating liquor or opium to a baby of that age. It being the power of the State to do that thing, Congress has authority to say that the right to engage in interstate or international commerce shall not be understood to allow an Englishman or a citizen of another country to sell by himself or his agent his intoxicating liquor or opium to a child ten years old. That is clear. There are a primary power of the State and a power of Congress to restrain that.

Now, if it may do that, Congress may go further and it may say the power to engage in interstate or international commerce shall not be understood as permitting anybody to sell opium or intoxicating liquors to anybody else, and that they shall be excluded altogether from the domain of interstate commerce. That Congress has a right to say. If Congress, according to my interpretation of these decisions, has the right to say no person dwelling in another country or in another State shall sell opium or intoxicating liquors to children ten years old or under, if the State where they dwell has prohibited that act, and if it has a right to say that no citizen of another State or another nation shall sell or deliver intoxicating liquors or opium to any citizen of the State whose legislature has prohibited that act, then this bill is clearly within our power. That is not a question of delegated power. It is not a question of permission to the State. It is a question of the right of Congress to prescribe what shall be the limit of interstate commerce, and it may bar it out by a definition of its own, or it may say interstate commerce shall be kept within the limits in regard to a particular subject-matter where the police power of the State comes in, which the legislature of the particular State has defined.

JOHN H. REAGAN [Tex.].—The Congress authorizes the importation of alcoholic liquors. It levies a tax upon alcoholic liquors; it taxes and collects revenue from them. The action of Congress makes alcoholic liquors commerce. Some of the States prohibit the use of alcoholic liquors; a majority of them do not prohibit the use of alcoholic liquors. So the current opinion among the States would make alcoholic liquors an article of commerce.

If the Constitution of the United States were amended so as to declare that alcoholic liquors were injurious to the public morals and the public health and to repeal the laws which recognize them as commerce by recognizing their importation and levying duties upon them, that would be an act of outlawry

which might place them and would place them under the control and power of the State legislatures. It would then cease to be an article of commerce—that is, it would cease to be an article of commerce if the States took the same view of it and outlawed it as the Government would under such a change.

If this condition of things existed—that is, the outlawry of alcoholic liquors by the Federal Government and by the States—the States then, of course, could exclude intoxicating liquor under their police power, as they may exclude anything that they hold to be injurious to health and public morals or dangerous to life.

The Senator from Massachusetts [Mr. Hoar] called attention to a number of things to illustrate his view that the Congress might confer the power upon the States or at least might consent that the States should tax alcoholic liquors because of certain other things that they could do. There is a number of things in which the power of Congress and the power of the States are concurrent. Attention was called to those things by the Senator from Missouri [Mr. Vest], and I call attention to them again, as they are recited by Mr. Justice Field in the Bowman case.

Here the speaker repeated Justice Field's opinions.

Now, that meets all the suggestions on that subject made by the Senator from Massachusetts, except those which relate to quarantine. That is a matter which relates to the security of life and health, and the police powers of the State have at all times been held to authorize the State to protect its people against epidemic disease and those things which may endanger the lives and the health of the people. That is not a regulation of commerce in the sense in which the Constitution speaks of the regulation of commerce, as we now have it under consideration. The regulation of commerce as we now have it under consideration means the regulation of trade and transportation between the States.

But it is assumed that Congress may permit the States to take its place to a limited extent in the regulation of commerce. I understand, Mr. President, that jurisdiction even in the courts is not a matter of consent, but a matter of law. It is certainly true, I think, that where the Constitution has conferred a power upon Congress the consent of Congress and the States can not take from Congress its jurisdiction, nor can the consent of Congress and the States confer upon the States

a jurisdiction which by the Constitution is conferred upon Congress. If that were true, it would conclude this portion of the argument.

While there is some inconvenience growing out of the Federal power to regulate interstate commerce, it is not a barrier to the power of the State to protect its people against the improper use or abuse of these liquors when they are taken within the State. That power remains with it.

Mr. President, it often happens in the discussion of questions that our desire to do good, that our desire to promote the public welfare, that our desire to accomplish some beneficent purpose leads us away from the consideration of our power to accomplish that end and causes us to forget that we are acting under a government of delegated and limited power. Whether that be convenient or inconvenient, it is the Government which our fathers made for us and adopted, and which has existed in all its beneficence as the grandest monument of human wisdom for more than a hundred years. If inconveniences arise they are but those inconveniences which may arise under any possible form of government.

If we forget on this subject, as we have on some others, that we have a Constitution which we have taken an oath to support, and if we undertake to do whatever interest, believing that we are doing right, or passion may tempt us to do, we cut loose from our anchorage, from our security, from the safety of the people and of the Government.

Mr. President, strong as my view may be that the use of intoxicating liquors is injurious to the public health and public morals, I am not willing to lay my hands upon the Constitution and tear it down in order to furnish a better remedy than the one which now exists.

SENATOR EDMUNDS.—Mr. President, it is a very curious circumstance that we have reached a condition of things where, according to the debate here and the judgments of the Supreme Court of the United States, under the Constitution of the United States there is an inherent, individual, civil, personal right in every man in one State to carry whatever another State considers to be injurious to its safety and life and welfare into it and sell it, and where Congress can not stop it and the States can not stop it, unless Congress does something, and Congress can not do that something.

Is not that a perfectly absurd result to come to in the Government and country, unless among the innate human rights which the Declaration of Independence intended to include when it

said that every man had a right to pursue the avocations of peace, happiness, and prosperity is the right to carry dynamite, smallpox, rum, delcterious drugs, adulterated foods, and obscene literature from one State to another.

Now, let us begin with the Supreme Court. The court is an independent and coördinate branch of the Government. Its mission is to decide causes between parties, and its decision of causes between parties all good order and government require shall be carried out and respected as between parties. But, as it regards the Congress of the United States, its opinions are of no more value to us than ours are to it.

Suppose we think that this court has gone wrong and has made a mistake in deciding a given case between A and B that involves the safety and happiness of all the people of the United States in their respective States covering a continent, where an internal policy may be good for the Pacific coast and bad for the State on the Atlantic coast, are we to stop and say that the decision is the end of the mission of civilization in the United States? I take it not. It may be that when the next case comes up on a further and wider consideration the very gentlemen who now compose the court, differing as some of them did with the majority, may come to the conclusion that they had been led into an error. So I do not feel deeply embarrassed by the fact that the Supreme Court has taken the largest step that in the whole hundred years of the Republic has ever been taken toward the centralization of power somewhere in this case, either in the Supreme Court or in Congress.

I do not believe, for one, in the centralization of power. I believe in its segregation and separation in every respect that concerns the internal affairs of the body of the people in every one of the States, leaving out of the question those universal human rights that everybody agrees are intrinsic in man and citizen.

So I am not greatly disturbed in respect of what the Supreme Court have said and done, except so far as it makes it now the mission of Congress to exert its power upon the subjects according to the light that it thought it had shone upon it, in order to preserve the internal policy and police of every State for itself, whether you call it an independent right or the execution of a national power under agencies that Congress provides.

Mr. President, the Constitution of the United States has not said that Congress may regulate commerce in the States, but among the States. Has anybody until now undertaken to say that that implied an authority in the United States to declare

that because a fabric, wool, if you please, to which my friend from New York [Senator Hiscock] referred, was made in one State and sent to another, whatever became of that wool in the other State was beyond the power of the State to which it went? I take it not. The Constitution has not given to Congress the power to say what shall be done with that wool after it has gone there. Would my friend from New York maintain that the State of New York can not say that no manufacturer of woolen goods should put in more than 75 per cent. of shoddy when he made up the wool and thus to cheat every laboring and other man who wishes to buy a pair of trousers?

The action of the State in repressing shoddy is practically just as effectual when it comes into the second hand as it is when it is in the first hand. If the Supreme Court of the United States follow out the logical sequence of what they have said there is no power in any State to regulate the sales and dealings in any commodity whatever which may be brought from one State into another State.

Now, where is the line? The line, which the Supreme Court of the United States appears to have gone over, is that when your act of transportation, your act of commerce among the States or from foreign nations, has become complete, and the word "among" no longer applies, and the commodity is in the State where its transportation is ended, and it is in the hands of its owner there—whether that owner be a citizen of one State or another makes no difference—it is then just like the commodity of the same nature, all the laws being equal, in the hands of the citizen of the State who made it there himself the subject of the State law, and that is what the Supreme Court of the United States within the next twenty years will come to.

You may say that that may interfere with the income of the United States on the importation of silks, if you please, or liquors, or whatever you please to call it. Very good. The power of the United States to regulate commerce and to levy taxes is no greater within its sphere than the power of the State is to deal with commodities and the conduct of people in that State over every one of the objects that the United States may choose to tax or allow the importation of. Both powers are supreme, and each must be exercised in its own order.

The Constitution provided that Congress shall not make any regulations of commerce in favor of one port of a State

as against another; that the external operations of the United States as regards the ports should be equal everywhere. So as to taxes. When it comes to the regulations of commerce as distinguished from the taxing power, no such limitation or reservation or proviso was imposed upon it. So Congress for a hundred years, from time to time, with the assent and acquiescence of everybody as sound and just constitutional action, has prohibited the introduction of one article, allowed the introduction of another, and has authorized some agency or another that it chose to employ to declare whether given objects under given circumstances should be admitted into the United States at all. For example, it has employed an agency to exclude diseased cattle.

Now, on this aspect, if Congress has the power to regulate this commerce among the several States, it has the power to limit it, and it has the power to declare that no intoxicating liquor shall go from one State to another. If it has the power to say that no intoxicating liquor, under the decisions of the Supreme Court, shall come into the United States from abroad, under the same right it has the power to say that nothing of that kind shall pass from one State to another. The court itself puts this entirely upon the ground, and rightly in that respect, that there is no distinction in respect of constitutional power between foreign commerce and interstate commerce. All are within the regulation of Congress.

Congress prohibits obscene literature. I wish it went a great way further and included diseased meats, fraudulent teas, dishonest drugs, and so on. Has it not the power, if this decision of the Supreme Court is right, even in its narrowest application of the construction, to say that it shall not be lawful to transport from one State to another intoxicating liquors? If it has, has it not the right to affix, as it has on foreign commerce from time immemorial, the agencies and conditions and inspections and regulations that it thinks in its wisdom are right and just?

The objection that has been made to this bill is that we are delegating it to a State. I deny the proposition. I say that by this bill Congress is undertaking to regulate the traffic among the States of this thing by saying, "We employ the agency of the people through its legislative authority, of the State of Iowa, for instance, to say whether it is wise or not to admit this thing in the community from the State of Illinois."

It does not appear to me, therefore, that in any aspect of

the case there ought to be any difficulty in our relieving the people of the United States in each State according to its own local needs and necessities. If it be free liquor in Missouri, free liquor it is, Congress says; and if it be prohibition in Kansas, prohibition it is—equal everywhere, according to the adjustments that the needs of the societies in the various States require.

Senator Vest.—Mr. President, the position of the Senator from Vermont [Mr. Edmunds] simply amounts to this—and all his ability is not able even to disguise it—that the legislatures of the States shall regulate commerce among the States, and not Congress. What is the use of talking about instrumentalities when you adopt what the instrumentalities may do? Where is the discretion if Congress says, "Gentlemen of the States, go on and exclude what you please and we indorse it in advance; we give you a complete and absolute *carte blanche* to shut out of your respective States whatever you please"?

Why, sir, it is impossible to contemplate a case of more absolute abnegation of a constitutional power than that. It absolutely gives away the constitutional grant and says to every State in the Union, "Do as you please."

Mr. President, the Senator from Vermont repeatedly in this debate has injected here the idea of diseased commodities, diseased meats, and dynamite, and he has even invoked leprosy, the most horrible of all human diseases. I will answer him in the language of the Supreme Court:

> Articles in such a condition as tend to spread disease are not legitimate subjects of trade and commerce, and the self-protecting power of each State, therefore, may be rightfully exerted against their introduction, and such exercise of power can not be considered a regulation of commerce, prohibited by the Constitution; and the observations of Mr. Justice Catron, in the License Cases (5 How., 504, 599), are quoted to the effect that what does not belong to commerce is within the jurisdiction of the police power of the State, but that which does belong to commerce is within the jurisdiction of the United States.

Senator Edmunds.—Mr. President, if my friend will permit me, that amounts to saying that the power to regulate commerce with foreign nations and among the several States had been committed by the Constitution to the Supreme Court, and not to Congress.

Senator Vest.—It amounts to this, that a diseased article is not an article of commerce, and that the power to exclude a leper, a smallpox patient, diseased clothes, or articles of food

is a police power which inures in every commonwealth, whether it be a national or a State government under our form of government. It is the power of self-preservation, and the Supreme Court says in another case that the State could not give it away if it tried to do so.

SENATOR EDMUNDS.—Then the State says that the unlimited sale of intoxicating liquors is just as injurious to the health and welfare of the State as the sale of diseased meat is, for only one ox out of a thousand probably will be diseased, while every bottle of whisky is diseased, and the Supreme Court is to be the determining power as to what it is good for a State to have.

SENATOR VEST.—Mr. President, the Supreme Court of the United States has declared in so many words that under the pretence of exercising the police power no State has the right to declare what is the subject of commerce and what is not. That is a question to be decided by the Congress of the United States, and the law of Congress is afterwards to be construed by the Supreme Court of the United States. The Supreme Court of the United States and Congress have both declared that alcoholic stimulants are a legitimate subject of interstate commerce, and that question is settled and eliminated from this debate and no longer open to discussion. A barrel of whisky is as much an article of commerce as a bushel of wheat or a bushel of corn, and it is begging this question entirely for the Senator to claim that a State has the right to declare that a bottle of whisky is injurious to its citizens and therefore can be excluded. The Supreme Court of the United States says the State can do no such thing. We collect taxes off whisky brought in from foreign countries, and we have an internal revenue tax upon it, and so long as we do this it is a legitimate subject of commerce and no State can come in and with its assumption of superior intellect and superior morality declare that it is to be interdicted and to be under the ban of that State and of the other States.

SENATOR EDMUNDS.—And yet, if the Senator will pardon me, when the Congress of the United States imposed its internal revenue tax upon the manufacture of alcoholic drinks it carefully provided, supposing then, erroneously perhaps, that it had some power over the subject, that that should not interfere with what was then regarded as the power of the State to prohibit the sale or disposition or movement a single foot after it left the distillery of any of the things that Congress taxed, and thereby by the same implication of an impost tax on an

importation that it should not prevent the State from dealing with it, and nobody now for twenty-five years (even the Supreme Court of the United States, which is going pretty fast just now) has ever yet thought, and no liquor manufacturer in any State that I know of has ever yet thought, of undertaking to stand in the face of the law and say that Congress exerted the power—call it delegated or call it administrative or whatever—declaring that its action in that respect should not interfere in any way with the police power of the State to prohibit the traffic or the disposition of the property that had thus been once taxed.

SENATOR VEST.—Is there any contention here by the opponents of this measure that, after alcoholic stimulants go out of the original package and come under the territorial jurisdiction of a State and become mingled with the balance of the goods of the people of that State, that State has not the police power to regulate that subject?

SENATOR EDMUNDS.—What do you mean by mingled with the other property? Is it any more mingled after it has gone out of the hands of the producer?

SENATOR VEST.—I do not propose to go into the question of mixing drinks. *De gustibus non est disputandum.*[1] That is for every gentleman to determine for himself. I do not take it myself in either form, but that is my own business. The Supreme Court of the United States made this question very clear in its decision.

I repeat, sir, that, if the position of the Senator from Vermont be correct, you tear out of the Constitution the grant of the power to regulate by Congress interstate commerce, and you leave the State authorities, their respective legislatures, upon the broad sea of caprice, prejudice, interest, or whatever you please to term it, to do as they choose.

The very object of this clause in the Constitution was to create uniformity, and yet the position taken by the Senator from Vermont would destroy all uniformity.

As Justice Matthews said, suppose Missouri thinks it wise to taboo or to ostracize an article produced in Illinois; suppose it says, "We do this under the police power, and we will not have any Illinois corn because you make whisky out of corn and whisky produces crime and crime fills the penitentiary," and suppose Illinois says, "You can not bring Missouri wheat into Illinois and we exercise our police power to prevent it. Wheat is not a good article of food; it produces dyspepsia,

[1] "There's no disputing about tastes."

and dyspepsia in turn produces bad temper, and bad temper produces crime"—*quod erat demonstrandum*—each one taking care according to its own ideas of every article that comes under the interstate commerce clause of the Constitution, and yet the Senator from Vermont says this is the political millennium which the authors of the Constitution contemplated! I do not so understand it.

William M. Evarts [N. Y.] spoke on May 21 in support of the bill.

The root, Mr. President, of this contention between the commercial power of importation, to carry thereby and by that contract or transaction into the domestic control of taxation in the State—the root of the whole matter is found, is expounded, and laid down in the case of Brown *vs.* Maryland, in Twelfth Wheaton. It will be noticed, and it may be very briefly so accepted, that the whole question there was this: The State of Maryland had undertaken to impose a license tax upon the sale of dry goods in their packages and also imported liquors in their packages as a means of revenue to the State of Maryland.

The law in itself was discriminating and exclusive, and applied only to an item of this revenue to be gathered from the sale in the hands of the importer of the packages as they arrived and were then first to be put into commerce in the traffic within the States. Obviously that was a question of revenue measure of the State, that sought to find accessible to taxation in itself the imported goods in the original condition in which they had been introduced.

Briefly, I think I may say that the conclusions of the court, John Marshall being chief justice, were that, by our tariff, imposing or making free, as might be, this or that article of foreign commerce, the Government itself had come into that relation to the importation that entitled the importer and entitled the articles of importation to sale in this country, and that any interception of the primary transaction of introduction and thence in sale, by taxation by a State, was a burden on foreign commerce.

In that discussion there was a considerable, though not very extensive, suggestion as to how far this claim of control by the Government of the United States might impinge upon and might interfere with what it was conceded in all quarters belonged to the States in regard to internal traffic, and then, by

illustration and cognate considerations, to police regulation of the State. No one can pretend, I think, that under the discussion of that case, whenever a matter was really within the province of the police regulation of the State, necessarily a commercial arrangement that was competent for the United States overrode the police regulation. No discussion, no illustration, no definition, no limitation has ever undertaken to say that the Federal Government possesses any regulation of the police province. If the power in any regard can be reduced and overridden within the State, it is not a province that can be taken up and executed by the Government of the United States.

In my judgment, in the accepted constitutional view and in the habit and universal estimate, both at the time of the formation of the Constitution and ever since, the regulation of the liquor traffic is in the very vital, central position of the police regulation and care of peace and morality and protection of the every-day interests of the affairs within each State. It is not peculiar to any one State; it is not local; it is not casual; it is not fugitive; it is not variable. The essential duty and the essential function remain, and it never entered into the head of any framer of our Constitution that the Federal Government did not and would not recognize that as a State occasion and a State necessity within it, as much as criminal legislation or any of the ordinary regulations of civil contracts within the States.

Now, the situation arises thus: I had supposed that in the License-Tax Cases, reported in 5th Howard, the conclusions of the judges of the court as well as the decision of the court—for there were no dissents to that decision—had substantially recognized the fact that the general commerce clause regarding intercourse between the States and with foreign countries had not assumed that police regulations must recede before the authority of the commercial power. I suppose that it was understood that whenever the question came up as to whether what might be a paramount authority of commercial regulation in the Government where it was brought in comparison with any efforts within a State to interfere with commercial regulations and revenue therefrom, whenever the great question came up whether the repugnance or the qualifications that were asserted within the State of its police regulations against mere general and common commercial interest and control, the court was precisely *ad idem* to look at the very case before it, and say whether this was or was not within one of those essential

conditions of police control that could not be expected to recede before general qualifications of commercial action by the general Government. Much less, Mr. President, have I ever supposed that, in the absence of positive action by the Federal Government in respect to commerce between the States, the mere presence of that clause, never put forth and directed as bearing upon any question within the State of its police regulation, was to be treated as by its own force and presence in the clauses of the Constitution to be a paralysis of the police regulations of the State.

Now, I understand, Mr. President, and am instructed by the late opinion and decision of the Supreme Court bearing on this very matter in the case in 125th United States Reports, and in the recent decision, that there are an embarrassment and paralysis and, for aught I can see, a very unlimited and very vague pervasion of the subject and purpose of domestic control without any direction having been taken by Congress to that end and in preservation or protection of commercial intercourse.

That being the case, it seems to me of the greatest importance that Congress, having the power to do whatever it may see fit in regard to the vigor and reach and searching operation of this commercial clause when it is brought in the face of so vast, so essential, so universal an interest in the society of every one of the States of the Union, should relieve the situation as a judicial question from having Congress treat it and construe it as having suppressed this, what belongs on its face to domestic authority; and, therefore, I have concluded that it is my duty, and I should hope that it would be felt the duty of the Senate, to pass this bill in the shape it is now presented as reported from the Judiciary Committee.

No such pressure in support of the liquor traffic had ever been dreamed of as is now intended to be perpetrated in regard to the regulation of traffic within a State. The pretension is, under this clause of intercourse among the States and with foreign countries, that the original package is to be in a shape and in a modicum that permits no interception between it and the gullet of the consumer. This is an enormous fraud upon the whole system of importation and the whole scheme of original packages, and, for myself, I am not ready for one moment to rest under any such system as it may be possible to inflict upon the people within a State.

I hope, therefore, that this bill may be accepted, which is limited wholly to the proposition that the mere introduction

into a community of a commodity from abroad or from other States does not liberate it from being under the control of the vital regulation of morals and duty and peace.

Senator Wilson.—As a practical fact in connection with this measure, I wish to read a telegram that appears in the New York *Tribune* of to-day which is as follows:

BRISK "ORIGINAL PACKAGE" TRADE IN IOWA

Chicago, *May* 20 (Special).—A dispatch from Des Moines, Iowa, says: "The 'original package' business is increasing daily. Scores of delivery wagons are running in the streets of this city, loaded with beer kegs and cases, and bottles of stronger liquids, without interference. The 'original package' has apparently come to stay. The next step will be to adapt matters to the new condition. It is evident that this can not be done under existing statutes."

On May 27 Senator Wilson, from the Judiciary Committee, presented a substitute for its original bill.

That when any intoxicating liquors or liquids shall be transported from one State or Territory into another State or Territory . . . (including District of Columbia) or from any foreign country to any State or Territory, such liquors and liquids so transported shall, when the actual and continuous transportation of the same shall have terminated, be considered to have ceased to be the subjects of commerce with foreign nations and among the several States and be a part of the common mass of property within such State or Territory, and subject to the respective powers of such State and Territory, in respect of all police regulations of prohibition, regulation, or taxation, equally and in common with other like property subject to the police powers of any such State or Territory.

On May 28 Senator Gray offered a substitute for the substitute. It was adopted by a vote of 25 to 20. Later it was amended to read:

That all fermented, distilled, or other intoxicating liquors or liquids transported into any State or Territory, or remaining therein, for use, consumption, sale, or storage therein, shall, upon arrival in such State or Territory, be subject to the operation and effect of the laws of such State or Territory, enacted in the exercise of its police powers, to the same extent and in the same manner as though such liquors or liquids had been produced in such State or Territory, and shall not be exempt

therefrom by reason of being introduced therein in original packages or otherwise.

The bill was then passed by a vote of 34 to 10.

It was amended and passed by the House (yeas 117, nays 38) on July 22. The Senate refused to concur in the House amendment, and a conference was appointed. The Representatives on the committee receded from the amendment, and the bill was passed by the House by a vote of 119 to 93. President Harrison approved it on August 8, 1890.

CHAPTER XII

Liquor Traffic in the Army

[THE CANTEEN BILL]

Debate in the House on Reëstablishment of Sale of Wine and Beer in the Army Post Exchanges: In Favor, Richard Bartholdt [Mo.]; Opposed, Charles E. Littlefield [Me.]; Lost.

OWING to the opposition of the temperance people, expressed through such organizations as the Women's Christian Temperance Union, the sale of alcoholic liquors in the "canteens," or exchanges connected with army posts had been forbidden in 1901.

On April 25, 1904, the subject of reëstablishing this sale came up for discussion in the House in connection with an army appropriation bill.

Liquor Selling in the Canteen

House of Representatives, April 25, 1904

Charles E. Littlefield [Me.] opposed the reëstablishment, quoting an article which he had written for the *North American Review*, April and May, 1904.

On the 2d day of February, 1901, the following provision became the law of the land:

The sale of or dealing in beer, wine, or any intoxicating liquor by any person in any post exchange or canteen or army transport, or upon any premises used for military purposes by the United States, is hereby prohibited. The Secretary of War is hereby directed to carry the provision of this section into full force and effect.

This is what has come to be popularly, though inaccurately, known as the "anti-canteen law." It is obviously not aimed against the canteen, but against the sale of prohibited beverages in the canteen or post exchange.

It was drawn and introduced by me as an amendment, in the House, on December 6, 1900.

This legislation will stand, I have no doubt, until a full opportunity shall have been given, under proper conditions, by practical operation, to demonstrate its wisdom or unwisdom. A vigorous effort is being made to satisfy the public that this test has been made and that the legislation has proved a failure. A candid examination of the facts will show that this effort must meet with failure.

Among the most pretentious contributions to this discussion are articles by Major Louis Livingston Seaman and Col. William Conant Church in the numbers for January and December, 1903, respectively, of the *North American Review*.

What purpose does the canteen seek to accomplish, and how does it propose to effect it from the standpoint of its advocates? Its purposes are twofold:

First, it furnished, it is claimed, a counter attraction to the saloon that is maintained near the post, where all kinds of liquor are sold, and, by satisfying by the milder and so-called "less harmless" drinks of beer and light wines the craving for vicious stimulants, becomes the lesser of two evils, as "its advocates frankly admit that the total abolition of intoxicants in the army is a desideratum devoutly to be wished."

> Its primary purpose was to furnish to the troops, at reasonable price, such articles, the articles of ordinary use, wear, and consumption, not supplied by the Government, and to afford them means of rational recreation and amusement suitable to their station in life, which, if denied, they would seek outside the limits of the camp. (Seaman.)

A place, then, of amusement, recreation, and entertainment, where articles necessary to the comfort and convenience of the soldier can be purchased, is the dominant, salient, and *"primary purpose"* of the post exchange. The sale of beer and light wines is the incident only, the lesser evil, to be eliminated if possible. This "incident," however, is the chief among the "resources" of the canteen, as appears from the following official advice:

> APRIL 27, 1903.
>
> HON. CHARLES E. LITTLEFIELD, M. C.:
>
> Of the several hundred post exchanges in the United States and the Philippines at the time of the passage of the act, February 2, 1901, but very few remain, and in the majority of cases it has been found difficult and *impracticable* to operate the post exchange *without the profits received from the sale of beer and light wines.*
>
> Very respectfully,
> HENRY P. MCCAIN,
> *Acting Adjutant-General.*

This, I have no doubt, fairly states the importance of the profits ensuing from the sale of beer and light wines as the main "resource" of the canteen, and it appears that without this "resource" it is practically impossible to maintain the primary features of the canteen, such as recreation, amusement, and entertainment.

It follows, then, that where there is no drinking of beer there is no recreation, amusement, or entertainment, and the more drinking of beer the most recreation, amusement, and entertainment, and the more variety for the mess.

Under the régime heretofore existing, as "every enlisted man is a stockholder in it" and participates equally in the advantages resulting therefrom, the men are naturally expected to contribute their share at least to the producing cause. Emerson truly said: "That is the one base thing in the universe, to receive benefits and render none." The total abstainer, while participating in the benefits derived from these profits, as he necessarily must, would be reaping where he had not sown, and this itself would furnish a powerful and insidious incentive to universal beer-drinking by the soldiers. In fact, the total abstainer was not infrequently taunted with his failure thus to contribute.

It will be seen that all of the considerations involved in this scheme—appetite, financial needs, pleasure, etc.—tend inevitably to the universal and increasing consumption of beer and light wines.

The inquiry at once arises, Why can not the "primary purpose" of the canteen be accomplished by supplying the funds necessary therefor from sources other than the deprecated profits from the sale of beer, and thus eliminate the lesser evil?

The possibility of there being such an alternative does not appear to have occurred to either Major Seaman or Colonel Church, surcharged as these writers are with information on this question.

Yet it is a fact that at the time when the Colonel, who is disturbed "by the studious ignoring of facts" by anti-canteen advocates, wrote his article, $1,000,000 ($500,000 available for the fiscal year 1902-3 and $500,000 for the fiscal year 1903-4) had been appropriated for that express purpose.

The American Public Health Association in September, 1901, by resolution invited "the intelligent coöperation of a very large element of good citizens . . . in taking successive steps toward the betterment of existing conditions, and thus

assist in controlling and largely curtailing an evil which it is powerless at present to prevent."

And its committee urged that—

> The sale of soft drinks, warm lunches, coffee, tea, cocoa, bouillon, and soups should be encouraged as substitutes for alcoholic beverages.

This has the approval of Colonel Church, and is precisely what this appropriation is intended to accomplish.

These appropriations will take the place of the profits from the sale of beer, and it is the expectation that they will accomplish that purpose and contribute to the "desideratum devoutly to be wished . . . the total abolition of intoxicants in the army." This is the laudable purpose that has led the distinguished chairman of the Military Affairs Committee in the House, the Hon. J. A. T. Hull, of Iowa, to work earnestly and successfully for these appropriations that are indispensable if the measure is to prove a success.

It is only proper to add that Senator Proctor, the acting chairman of the Military Affairs Committee in the Senate, has been an earnest advocate of these appropriations, and the membership of both committees, both of the majority and minority parties, laudably sustained their efforts.

These are the first appropriations of the kind that have ever been made. They were introduced in the Senate and successfully urged by Senator Hansbrough, a loyal and effective supporter of this policy. It necessarily follows that, until they shall have been generally uitilized throughout the army, as generally, at least, as was the canteen, we can have no condition or period with which the canteen period can be compared with any propriety or intelligence.

In addition to this appropriation, another should be made for a company fund, in order to insure the most complete success. The company fund enables the men to vary the monotony of the mess, and contributes greatly to their comfort. Prior to 1880 there was no post exchange with or without the sale of beer. Up to 1889, it was operated in comparatively few instances. Then the canteen became general, and continued until February 2, 1901, so that the canteen period is from 1889 to 1900, inclusive.

Prior and subsequent thereto we have no period—by reason of the lack of the place of recreation, amusement, entertainment, and lunch room, and a company fund to relieve the monotony of the mess—with which a statistical comparison of the canteen

period will be of any value for the purpose of demonstrating the wisdom of the anti-canteen legislation. While this is true, it is to be observed that the facts, fairly analyzed, hardly justify the sweeping generalizations which have been made by the canteen advocates. The theory is that the establishment of the canteen drives the contiguous saloons out of business, and, conversely, that its discontinuance at once increases the number. This is the only theory that can justify the canteen. For instance, of Fort Myer, Major Seaman says:

> Before the introduction of the canteen there were between ten and twenty low groggeries between the terminus of the street railway and the entrance to Arlington, largely depending upon the patronage of the troops. . . . And that after ten years of the canteen at the post only two of these were left.

On the contrary, in that locality, instead of "between ten and twenty low groggeries," the commissioner of revenue of Alexandria County, Va., Mr. H. L. Holmes, informs me from his own actual knowledge that there were from three to four saloons open from 1880 to 1891, and instead of "only two of these being left" the records show that in 1900, the end of the canteen period, there were five in healthy working order. If all of the Major's assertions of facts are equally open to criticism, it may not be entirely safe to rely without any hesitation upon his conclusions.

Major Seaman asserts that "the liquor sellers and the W. C. T. U. are the strongest advocates of the law as it now stands," and Colonel Church says: "As no whisky or other strong drinks were sold, the stories of the influence exerted by whisky dealers to restore the canteen are obviously untrue." Whether the "whisky dealers" are for or against the canteen goes a very little way toward establishing the facts involved, but the obvious anxiety of the canteen advocates to separate themselves from the "liquor sellers" is certainly commendable.

Whether they succeed in stating the facts in that particular, it may be well to let the organs of the "liquor sellers" show:

> The *American Brewer* says that the members of the last Congress "allowed themselves to be influenced by a band of bigoted and narrow-minded prohibitionists in abolishing a most sensible institution which was very beneficial to the army."
>
> The *Liquor Trades' and Hotel Review* says: "It is almost certain that at the next session of Congress the anti-canteen law will be repealed. Almost every officer who is responsible for the maintenance of discipline in the army and solicitous for the higher standard of morality among the men has agreed to sign the petition to reëstablish the canteen. This bill

when presented will have the sympathy and support of every friend of the 'boys in blue' and of the cause of temperance."

Believing with the most experienced military authorities that the canteen is conducive to the highest standard of sobriety and discipline, the retail dealers, through their national organization, *aside from all selfish considerations*, give their unqualified approval to this necessary adjunct of the military department, and commend the firm and manly attitude of the President in its defence and maintenance. (Resolution of the retail liquor dealers at their national convention at Baltimore, in October, 1900.)

We don't consider this action taken by General Miles a deathblow to the army canteen by any means. The fact that Mr. Miles has come out in favor of the present anti-canteen law will not seriously affect the opponents to this *unjust, fanatical measure.*

The editor of the "Sentinel" will appear against the anti-canteeners before the Congressional Committee in the coming session of Congress, and we are glad to say in this connection that we, as a member of the Congressional Committee of the National Retail Liquor Dealers' Association, are able to break down one of the obstacles which had great influence upon the committee and the various members of Congress in the last fight. (Washington *Sentinel*, national organ of the Brewers' Association, Nov. 11, 1901; Lewis Schade, editor.)

In addition to the quotations given above, similar extracts could be made from the resolutions of the conventions of brewers and liquor dealers, and from the trade journals of the brewing, distilling, and retail liquor interests.

It is interesting to note how Colonel Church gains courage and tends gradually to convince himself as he gets into the full swing of his argument. He has been thinking over the important matter of desertions, which, he says, have greatly increased; and this leads him to suggest that it "is, in the opinion *of a majority* of our army officers, the result, *in part at least*, of the stimulus given to the drinking of vile liquors by the abolition of the canteen." Note the commendable caution, "a *majority* of our army officers . . . the result, *in part* at least." He continues to discuss this phase for a few paragraphs, and the more he discusses it the more the peculiar infamy of this anti-canteen legislation is borne in upon him, and getting an accretion of courage he confidently asserts, as to this discontent, that "if the *almost unanimous* opinion of officers *and men* is to be accepted as *conclusive*, it is *very largely* due to civilian interference with army administration." In twenty-nine lines "a majority" becomes "almost unanimous"; "*men*" are added to the officers, so as to include everybody, and "*in part* at least" becomes "*very largely.*"

There are 474 commissioned officers reporting. During this time there were 3,820 such officers in the army, so that we have reporting about 12 per cent. of the whole—rather an inadequate

representation upon which to base the assertion that "the almost *unanimous* opinion of the officers and men" sustains the canteen. What the "testimony" of the remaining 88 per cent. would be, uninfluenced by authority, we are not advised. We do not know, however, that the officers testifying against the canteen are among the most distinguished and eminent in their profession. They are such as Lieut.-Gen. Nelson A. Miles, Generals Ludlow and Henry, of sacred memory, Generals Howard, Shafter, Wheeler, Daggett, etc.

House Document No. 252 gives an itemized table from the "reports." In referring to this document, Colonel Church says:

> Of all the posts expressing positive opinion one way or the other, 90 per cent. reported that drunkenness, desertion, absence without leave, and trials by court-martial had increased.

I know nothing about the verity of these tables and take them as I find them. They cover the United States, Porto Rico, Cuba, and the Philippines. The following facts are taken from the table. In answer to the question, "Has drunkenness increased?" 120 answered "yes," 55 "no," 17 were uncertain; 175 expressed a positive opinion; only 69 per cent. thought it had increased. To the question, "Have courts-martial for offences caused by drunkenness increased?" 114 answered "yes," 55 "no," 18 were uncertain; 169 expressed a positive opinion one way or the other; only 67 per cent. say that they "had increased." To the question, "Has the number of cases of desertion and absence without leave increased?" 87 answered "yes," 84 "no," 15 were uncertain; 171 expressed a positive opinion one way or the other; 51 per cent. only say that they "had increased."

Colonel Church says "95 per cent. stated that the conditions of health had deteriorated, and all agree that morality and discipline had been injuriously affected." To the question, "Is the effect on health of command bad?" 108 answered "yes," 68 answered "no," 15 were uncertain; 176 expressed positive opinion one way or the other; 62 per cent. only say that the effect is bad.

To the question, "Is the effect on morality and the discipline of the command bad?" 129 answered "yes," 45 "no," 17 were uncertain; 174 expressed positive opinion one way or the other; 74 per cent. only stating that the effect was bad. These statements made by a critic who charges the friends of the anti-canteen legislation with "having reached certain dogmatic con-

clusions by the *studious ignoring of facts,*" require no comment. The inference is too obvious. Let us hope that this is not a sample of what we would get if "one rose from the dead to bear testimony to the truth." It is to be observed that these questions, instead of being framed so as to draw out a disinterested reply, are all leading, and intimate that an answer adverse to the legislation is expected.

The Hon. Elihu Root, late Secretary of War, opposed the anti-canteen legislation and expressed before the Senate Committee on Military Affairs the apprehension that it would discourage enlistments, saying on that point—

> If you pass the provision which the House has put in, prohibiting the sale of beer and light wines in the canteen, you break that up, and the result is going to be, as soon as it gets round, it will stop our enlistments. That is a matter of serious, practical consequence. The men are not going to enlist when they understand that they are going to be confined in a reform school.

It must gratify Mr. Root to know that this doleful apprehension was unfounded, as this official table shows:

The two whole years 1901-2 show an average of 2,837 as against an average of 715 per year for the nine years prior to the war, and under normal canteen conditions, or four times as many per year when the "reform school" was staring the recruit in the face.

The "reform school" does not appear to have been a very vigorous deterrent. During the latter period, moreover, the Government has been exercising greater care in the selection of its men. Where 30,622 were enlisted in the year ending June 30, 1901, 86,407 applications were rejected. During the year 1903, 18,961 were enlisted and 74,256 rejected, showing that now where they enlist one they reject about three or four. The instructions for recruiting issued September 23, 1901, no doubt account for these rejections and also show the unfavorable conditions under which enlistments have largely increased. The first requirement was that "applicants for first enlistment must be between the ages of 18 and 35 years, *of good character and temperate habits*, able-bodied, free from disease, and must be able to speak, read and write the English language." Inasmuch as, under the War Department's theory of the canteen, the recruit is to be at once introduced to the official sale of beer in the canteen, and the maximum of sale is essential to the maximum of prosperity of the canteen, this regulation should read "of good character and temperate habits, *vigorous and*

efficient consumers of beer, of approved capacity preferred, etc."

While the considerations heretofore suggested certainly at least tend to destroy the value of statistics, comparing the canteen period with the years preceding and succeeding it, so far as the anti-canteen law is concerned, there are other reasons which are also potent to show that these statistics do not justify the conclusions sought to be drawn therefrom. I can not state them more effectively than they have been stated by a practical soldier, who has won his rank by brave, gallant, and heroic conduct in battle, on the firing line, in every war in which the army has been engaged since 1861, including the expedition to China in 1900, Brigadier-General Daggett, United States army. He says:

> Captain Munson, assistant surgeon, United States Army, has published statistics which seem to favor the canteen. The army has been constantly improving since its reorganization in 1866.
>
> The barracks were poor, dirty, forbidding buildings, poorly lighted and heated. Candles were used, and a small allowance of them at that. Bunks were of rough boards and three stories high. A bed sack, filled with straw, and a blanket or two furnished the soldier's bed. A tin plate, an iron knife, fork, and spoon, were his table utensils. The principal ration was bacon or pork, occasionally beef, and bread, coffee, sugar, and beans.
>
> Improvement in these things began in the seventies. Now the barracks are warm, cheerful, and well lighted. The beds and mess are much better than most recruits enjoyed at their homes. Then the recruiting officer could enlist whomsoever he pleased. Since then he has been held responsible for the utmost care in selecting men, morally and physically, on penalty of having to pay the expenses of clothing, feeding, and transporting the recruit to his station, should he be rejected after arriving, and should it be shown that the recruiting officer had been negligent.
>
> Benevolent societies also began to furnish the soldiers with reading matter, etc. Many other things were done for the betterment of the soldiers. The army of new officers of 1866, after fifteen or twenty years of experience, had learned how to command and care for men. Too much importance can not be attached to this consideration. The fruits of all these things must necessarily have been a great reduction in desertions, admissions to hospital for alcoholism, and convictions by court-martial.
>
> Now, Mr. Munson comes in and gives the canteen credit largely for these improvements. He makes 1889, the date of formal establishment of the canteen by the War Department, the central period of reckoning. The canteen had existed to some extent for four years before that time, but leave that out of consideration. The number of desertions from 1867 to 1874 was equal to 20.5 per cent.; from 1876 to 1880 they were equal to 8.4 per cent. President Hayes prohibited the sale of intoxicants to post traders during this period. From 1881 to 1889 the number of desertions was equal to 12 per cent.; from 1890 to 1897, 5 per cent.; from 1898 to 1900, 4.4 per cent.; from 1900 to 1901, only 1.9 per cent. This latter period is not for the whole year, but up to a recent date; but there has been no canteen since February 2.

The number of admissions to hospital for alcoholism during the canteen period (from 1891 to 1897), decreased 12.2 per thousand, while during the preceding period (from 1882 to 1890) the number decreased 27.3 per thousand.

These statistics show that a decrease in desertions and admissions to hospital for alcoholism began long before the canteen was thought of, and has been going on up to the present time, and that it was more rapid before than since the canteen was established.

General Daggett makes the following suggestions:

(1) Establish ample and attractive reading rooms, which may be the general places of resort, and where games and facilities for all sorts of proper social enjoyments can be found.

(2) Establish ample and attractive gymnasiums.

(3) Encourage and give facilities for all proper kinds of manly sports.

(4) Require the Commissary Department to supply many of the luxuries now furnished by means of the company fund.

These are covered by the appropriations made and proposed.

Major Elijah W. Halford's statement of conditions in the Philippines emphasizes this idea. He says:

A temperance canteen has been tried in at least four posts here in the islands, with good measure of success. At one post sales amounted to $500 per month; profits averaged $135 monthly during the eighty days it had been operated when report was made. It had very limited facilities, no capital, poor room, no sympathy from the officers, no soda fountain, hard to get ice, and other obstacles. With good facilities, with the sympathy of officers, and eliminating the poorly disguised devil of profit as in the old canteen, this is the practical solution of the canteen question for all soldiers except the chronic drinkers; who will have whisky anyway, beer canteen or no beer canteen. These begin their drunks in the beer canteen, but end them outside in the whisky shops.

Mr. Francis A. Buzzacott, a member of the Third Illinois, during the Spanish war operated a post exchange in connection with that regiment. The records show that during several months of its existence its profits cleared its original cost and amounted in all to $5,000, all of which was turned over to the regiment and distributed and used by its various companies during its campaign in the Tropics. It was operated in a tent, mammoth in size, capable of holding fifteen hundred, and benches for 300 troops. It had a restaurant and lunch counter, magazines and moral literature, and sold everything a soldier needed, except liquor, which was not allowed to be either sold or used on the premises. It had an organ, and musical entertainments were given. The regiment marched in a body to divine service therein on Sunday.

It closed up two beer canteens in its vicinity, and the soldiers boycotted their own canteens for the temperance canteen.

In the light of all these facts, how much foundation is there for Colonel Church's assertion that "the advocates of total abstinence say, in effect, that if there is any man in the army who refuses to accept theories that are rejected by the vast majority of men in this and every other civilized country, and who will drink, he should be permitted to go to the devil, and the shorter the road and the faster the pace the better?"

If we may be permitted to use the Colonel's choice and delicate language, we may ask, Who is it, in the light of the foregoing facts, that is keeping the obstructions out of the soldier's way "to the devil," shortening the road and accelerating the pace? The Colonel seems gratified to feel that he is with the "vast majority," laboring under the impression, evidently, that facts are settled that way. This is calculated to discontent the "Big Four" and other railroads, to make them realize that when, in order to secure keen, alert, clear-minded, and efficient men, they promulgate an order that their employees must not drink intoxicating liquors at all, whether on or off duty, they are in the minority in a "civilized country." If such a course will secure better men for railroading, it may be worthy of consideration whether it would not work as well in other cases. Do we need, especially in time of war, as good men for officers and men, from the standpoint of efficiency, as the railroads find they need in their business? If so, should we not make reasonable efforts to get them? King Edward evidently did not realize how lonesome he would be when, in a recent letter to an officer of the navy, this sentence was inserted: "His Majestiy would be glad if it is circulated privately that he considers his health is as much honored by those who drink it in water as by those who drink it in wine," an insidious and really reprehensible incentive to that vulgar and degrading and rather uncommon habit of total abstinence.

Let us hope that the adverse sentiment of our noble army, voiced so mildly by Colonel Church, may be broken to His Majesty gently and by degrees. Notwithstanding the Colonel's fervor, temperance is now being officially taught in the French and British, and encouraged in the German and Russian armies. A temperance society is one of the established institutions of the British army. His Royal Highness the Duke of Cambridge was its patron-general; His Royal Highness the Duke of Con-

naught is its president, and Field Marshal Lord Wolseley is its first vice-president. The flower of the officers of that army take pride in identifying themselves with it, and the Government contributes handsomely for its financial support. We in the United States are either not far enough or too far advanced for such an institution in our army. We think this legislation is in line with the most advanced thought, even if it may be in the minority.

That a post exchange, with proper provisions for recreation, amusement, and entertainment, and supplies for the men, and a company fund are essential to the success of this legislation is, we think, clear. Its friends, and especially the Rev. E. C. Dinwiddie and Mrs. Margaret Dye Ellis, the able, faithful, efficient, and untiring legislative representatives, respectively, of the American Anti-Saloon League and the Woman's Christian Temperance Union, at Washington, have been doing their best to procure and have utilized the necessary appropriations therefor. Instead of compelling the soldier to rely upon the profits of a beer saloon, whose sole customer he is, for furnishing him with the things essential to his welfare, we think he has a right to look to the people by whom he has been placed in a condition where these things have become essential.

For the beer saloon we substitute the treasury of the United States. In the effort to make this substitution, we believe we have the sympathy and support of all right-thinking citizens, and that we ought to have the hearty coöperation of the War Department and the officers of the army. We sincerely believe and earnestly hope that the substitution will prove a perfect success, but when it shall have been made, and shall have had a fair trial under such favorable conditions as are herein mentioned, if it shall prove to affect injuriously the condition of our soldiers, we will cheerfully join in a movement to reëstablish the beer saloon. There is practically an agreement that the sale of beer is at least the lesser of two evils. Every report that has been made, every opinion that has been expressed, every resolution that has been adopted, has been made, expressed, and adopted in the absence of conditions that all believe desirable, and that we believe essential. Should not judgment be suspended until these conditions have been created, and until they have had time to demonstrate their utility and wisdom? Would not a reversal of this legislation before that time be ill-considered, ill-advised, and unwarranted?

Richard Bartholdt [Mo.] supported reëstablishment.

No question but what the recent controversy between officers of the army and a member of Congress in a New York review, which now finds its way into the pages of the *Congressional Record*, has clearly developed the fact that the preponderance of evidence and of authority seems to be upon the side of the canteen as a method of promoting temperance among the soldiers of our army and keeping them apart and away from the worse temptations which lurk in their darkest form near to the military camps of all countries. The immediate cause of the passage of the provision of the law which resulted in the practical abandonment of several hundred canteens at the various army posts in the United States and at foreign stations appears to have been an agitation carried on against the sale of any kind of beverage except tea, coffee, and water to the soldiers by a class of people who, like the poor, are always with us and who seem not to be wise enough to look into the future and observe results so long as they are able to secure the passage of laws looking toward—as they believe—the prevention of the selling of intoxicating liquors to anyone. With them the end seems always to justify the means.

The logic of the man who maintains that no man has a right to drink liquor containing alcohol because he is liable to partake to excess would be about on a par with the crank who desires legislation to forbid all men drinking coffee or tea or any other beverage which, taken to excess, would cause physical and mental wrecks among their devotees. The only safety to the army as well as to the country at large is to organize as they do and to prepare tons of literature in the same manner as the Prohibitionists do, which will bring out the facts in reply to thousands of specious arguments and half truths. This misleading literature of the Prohibitionists is franked all over the country by the agitators against the canteen in ton lots, in many cases contrary to the postal laws of the country, to work up a hothouse public sentiment against the army canteen and against all who believe in the personal liberty of the individual to eat and drink in moderation.

Fortunately in this free and enlightened country, when the light is properly turned on so that the people are able to see the exact facts as they exist, there can be little danger as to final results.

It is not a light matter to trifle with the personnel and morals and social pursuits of the great body of men in the American army. No set of men in civil life, no matter who they are, have the moral right in the face of the opinions of

a majority of their officers and themselves to pass sumptuary laws compelling them to do thus and so, or to remove from them comforts or pastimes that they are justly entitled to. Of course, the legal right rests on Congress to pass laws to govern the army, but the personal rights of the individual, his inalienable right to secure from life as much happiness as possible consistent with his duty to the army and the Government, ought to have given the Congress pause before it proceeded to take away the humblest of the private soldier's amusement without the most careful consideration and investigation, if need be, by Congressional committees empowered to take sworn testimony and make a personal investigation into the moral surroundings of each military post in this country as well as abroad.

The moral aspects of the "canteen as related to the Federal Government" have always seemed to cause the tender consciences of the civilian organizations and their supporters, which oppose the sale of beer and light wines to soldiers, the most severe twinges. The idea of the Government running a "groggery," as these persons are pleased to term it, has been known to cause a Congressman, whose district is largely afflicted with Prohibitionists, the serious loss of sleep, and to bring upon him to a considerable extent the *cacoëthes scribendi*[1] of the ancients.

The Government is not selling "grog," nor is it selling soap, or delicatessen, or any other article of wear or food which the canteen supplies the soldier at cost. The Government never went any further in the transaction than to prescribe certain rules governing canteens. Of course, an argument of epithets such as "groggery," or "saloon," or "gin mill," used by certain reviewers, may appeal to a class of society that believes in "sumptuary laws," so long as they do not apply directly to themselves. Some of them would go so far as to advocate that no civilian or soldier should be allowed by law to drink a glass of beer if he wants to do so. This class is usually beyond legitimate argument which may run contrary to their prejudices. They can not possibly understand how men can be constituted differently from themselves, or that the moderate drinker should not be compelled to forego his beer because others make hogs of themselves. In other words, the highest ideal of their ethical system seems to be that laws should be enacted to oppress the virtues and the pleasures of the many to reach the vices of the few. To them "sumptuary laws" are the

[1] "The itch of writing."

"cure all" for all the foibles and follies of the human heart, and the blessings of him who has fought his battles against temptation and won are to them a sealed book.

It is useless to argue with this class. Neither the sanctity of truth, the restrictions of the franking privileges of the postal service, nor the sin of private gain will deter them from pursuing the poor soldier, or anyone else who can be reached by "sumptuary legislation." It is to be hoped that time will cure this trend of thought and that the light will some day break in upon their benighted philosophy. It has been urged time and again that the Government should appropriate money for the purpose of providing club-rooms for the soldiers at their various posts, and an appropriation of $500,000 and subsequently one of a million dollars were set apart for this purpose. Well and good. No one has objections to "Uncle Sam" devoting this amount and much more to the purpose, if he wants to, but that does not help the evil in anywise.

The soldier who wants beer or even whisky is bound to get it, and unfortunately the facilities are usually provided by saloons and "cheap groggeries" close to almost every military post in the country, where he can get it to satiety and bestial drunkenness. There is there no regulation to stop him when he gets too much. On the contrary, it is to the interest of the proprietor of the place to sell as much as he can to every customer. In addition to this, these saloons are frequently close to houses of other and worse vices, and the two money-making enterprises work together for drunkenness and vice. Shall the soldier, who naturally regards himself outside of all regulations except those which pertain to his military training, direction, and welfare, as a freeman, be subjected to firm regulations as to drink under military jurisdiction, with such surroundings as shall not make it a hardship, or shall he be allowed to go forth as a prey to the evil companions, both male and female, to be found in the purlieus and saloon districts of military camps almost everywhere in this country?

Even in the prohibition States are to be found the "bootleggers" and the "blind tigers" and the "walking dram shops" ready to sell any quantity of the vilest quality of whisky to the soldier as soon as he gets beyond the military reservation of his station. We must take the soldier as we find him, recognizing that he is not by any means a perfect being, and that among other defective traits he is apt to have a fondness for strong drink. If, then, by offering him the opportunity of procuring in moderate quantities comparatively harmless

beverages, such as light wines and beer, we prevent him from indulging in or diminish his temptation to partake to excess of whisky, brandy, rum, gin, or other "strong waters," the too frequent use of which makes drunkards, or even worse, of men, who can deny that good is accomplished such as could not be brought about by any "sumptuary law," be it ever so strong?

Men are not prone to embrace the rod that smites them, nor do they like to obey a law passed to deprive them of their accustomed pleasures through agitations provoked and kept before the public by a lot of people whose experience with the military seldom goes beyond admiring the "khaki" from a distance and making collections of soldiers' brass buttons in time of war scares.

At posts without traders' stores, the canteen, as the co-operative store of the command, when managed by a reliable canteen steward and one or more detailed assistants of approved character, and working under the supervision of a board of officers and a carefully devised system of checks, can be made an efficient instrument for good. Its purpose is, or should be, to supply the enlisted men at moderate prices with plain lunches, light wine, beer, and other articles, to the absolute exclusion of spirits or strong intoxicants; to provide a library or a room in which they may read or write, besides furnishing them, whenever practicable, with the facilities of engaging in gymnastic exercises and manly sports. The sale of beer or wine should be restricted or interdicted in the discretion of the commanding officer, and is to be authorized only as a means to prevent excesses outside and to promote temperance.

Treating, gambling, and the playing of any games for money should be prohibited. The credit system, if allowed at all, should be carried on with great discretion. Under a plan of this kind it is believed that all classes of Americans would be willing to admit that canteens would improve the mental, moral, and physical condition of the average soldier, make him better satisfied with his lot, remove a part of the temptation to desert, and thus enhance greatly his value to the Government. It was of this kind of a canteen that Archibald Forbes, the great English war correspondent, spoke when he said that "it was the most important boon to the soldier of modern times."

To put in operation a canteen on this broad plan has been the aim of every post in the United States, but owing to a law passed by Congress, in response to a public opinion worked up apparently from outside sources, all canteens, amounting

at one time to several hundred, were forbidden to sell even light wines and beer to the men in the ranks, by resolution appended to the army bill. The object of promoting temperance and governing the appetites of the men, under the immediate eyes of their officers, was thus defeated at one stroke. The men, or rather such of them as were addicted to ardent spirits to excess and consequent indulgence in still baser passions and appetites, were now thrown upon the tender mercies of the saloons to be found in the vicinity of all military posts, the walking "dramshops" and "bootleggers," and the wider temptations of the cities at large, when upon leave.

The members of Congress instrumental in securing this restrictive legislation, as well as the accredited representatives in Washington of the Prohibitionists and various temperance societies who urged it, have steadily repudiated the idea that they intended to deny to the soldiers their personal rights of forming and operating "cold-water clubs" with temperance drinks, etc., but it has been found by practical experience that when the sale of beer and light wines is cut out from the canteen by legal prohibition it is impossible to carry on the club in its various ramifications, on account of lack of both interest in its pursuits and profits in its investments.

The American Public Health Association, consisting of physicians and health officers of long experience in many cities upon the American continent, prepared a report upon the subject of the American army canteen, through a subcommittee, whose ability will be recognized all over the world, and when the same was submitted, at their annual convention in January, 1904, in Washington, D. C., it was unanimously adopted. The report is the most complete and unanswerable ever submitted, clearly setting forth the effect of the canteen upon the *morale* of troops from every conceivable standpoint. It passed the following resolutions:

"*Resolved*, That this body deplores the action of Congress in curtailing the operation of the army canteen or post exchange, and in the interest of general and military sanitation recommends its establishment on its former basis at the earliest possible date.

"*Resolved*, That this body, in the interest of temperance and humanity, cordially invites the intelligent coöperation of a very large element of good citizens who have been active in securing legislation against the sale in the military service of alcoholics of any character, in taking successive steps toward the betterment of existing conditions, and thus assist in controlling and largely curtailing an evil which it is powerless at present to prevent."

2. Your committee is aware of the fact that beverages containing

alcohol are an accessory food of value only when it becomes necessary to increase temporarily the elasticity of mind and body and a desire and capacity for work, and that the subsequent depressing effect and a baneful influence of their misuse require great care in their employment, especially when rest, proper food, and some of the alkaloidal beverages like coffee, tea, cocoa, and stimulants like meat broths and soups may accomplish the same purpose, and their sale as a substitute should be encouraged.

3. In spite of the fact that "beer drinking viewed in the abstract is unproductive of good," your committee believes that its sale in canteens under rational and comprehensive regulations, rather than its total prohibition, will subserve the best interest of scientific temperance, because so long as human nature is weak and the masses are not properly educated, the substitution of a lesser evil under military control appears not only justifiable, but will in the future, as it has in the past, prevent excesses which are fatal to the soldier, soul and body. At present every effort toward total abstinence at military posts merely opposes theory to facts and sentiment to statistics, and compels recourse to saloons of the lowest character, whose proprietors care nothing for the efficiency of the army or the ruin of a good soldier.

4. Every precaution should be observed to conduct post exchanges and the salt of light wine and beer along the lines recommended by Munson in his "Theory and Practice of Military Hygiene," pages 820-822, and your committee begs to emphasize the fact that the bar feature should be entirely abolished and that the exchange should in fact be a "soldiers' club," with ample facilities for reading rooms, legitimate amusements, and athletic sports, where the soldier as a self-respecting individual may satisfy in an orderly manner his craving for diversion from the routine duties of a military life without undue prominence of the refreshment feature.

5. The sale of soft drinks, coffee, tea, cocoa, bouillon, soups, and warm lunches should be encouraged as substitutes for alcoholic beverages, and medical and line officers should be directed to educate by precept and example the rank and file of the army that for persons in health alcohol in any form presents no advantages not found in other foodstuffs or stimulants, and which are, moreover, free from the dangers attending its use. In this connection it should be remembered that good food, well prepared, and properly cooked and served, is one of the most effective prophylactic measures against the "drink habit" in civil as well as military life, and no effort should be spared to bring the culinary department in the army to the highest state of perfection.

6. Military officers should point out the grave and far-reaching consequences of the effects of venereal diseases, so intimately connected with the drink habit, and make a strong plea in favor of continence. This may be done by telling these young men that while the sexual passion is strong it can be accelerated or delayed, excited or lowered, by the influence of the will. The soldier can be assured that by the cultivation of pure thoughts, removal of temptation, normal mental, and especially by vigorous physical, exercise, continence is not only possible, but easy.

7. A strong effort should be made to improve the social conditions of the soldier. There are times and occasions when the friendly advice of a company commander or attending surgeon, a personal interest in the physical and moral welfare of the young soldier, will prove of greater benefit to the service and to humanity than the cold verdict of a summary court-martial. Such personal efforts on the part of the officers, dictated by the spirit of a universal brotherhood of man, appear to us perfectly compatible with proper military discipline. It is also believed that the habit of making savings deposits with the army paymasters may be greatly stimulated by personal efforts.

One of the clearest and most forcible statements yet made on the subject of the canteen of the army is presented by Lieut.-Gen. S. B. M. Young, chief of staff of the United States army, in his report to the Secretary of War for the year ending June 30, 1903 (p. 143), in which he said:

> Special attention is invited to the incisive comments of department commanders upon the demoralizing effect of the operation of Section 38 of the act of February 2, 1901, which prohibits the sale of beer and light wines in post exchanges. This law has now been in operation for over two years and a half and has been fairly tested. Reports received from officers of all grades throughout the army who have had practical experience in supervising and observing post exchanges under present conditions exhibit practical unanimity of opinion as to the evil effects of this restriction.
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> These evil effects show themselves in increased drunkenness; in loathsome diseases, contracted while men are under the influence of a bad or drugged liquor; in increased desertion resulting from the same cause, the men while in a drugged condition being robbed by depraved associates of both sexes, and for this reason reluctant to return to their posts; and, generally, in increased insubordination.
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> In addition to these considerations of morality, discipline, and health, there is a further one advanced by the commanding general, Department of Texas, that the soldier's rights and privileges should not be curtailed simply because he is a soldier; that he should be considered as a citizen in the community in which he is serving, and, where no impairment of his military efficiency would result therefrom, should have a citizen's rights and privileges.
>
> Since the original establishment of the canteen feature of the post exchange there has never been a time when the dominant sentiment of the army did not approve that feature as tending strongly to promote morality, sobriety, and discipline among the troops.

The highest military and technical authority, the highest church dignitaries, and the selected experts of the highest medical authority on public health upon this continent have all declared in favor of the canteen as a benefit wherever operated in military posts under the strict military rules laid down in the United States Army Regulations. They declare that the canteen contributes to the health, happiness, contentment, and especially to the temperance of the soldier. They have said and have shown by statistics and incontrovertible facts that the canteen is an aid in keeping the enlisted man away from bad company and resorts which would lead to moral depravity and degradation. They have shown that there is no mode of life known which, in time of peace and the humdrum existence in

the backwoods army posts, as well as in those situated near the temptations of cities, makes the social features of club life more essentially necessary than that of the common soldiers.

Men with leisure upon their hands and nothing to do during many hours each day, most of whom in all probability have led a gay and gregarious life before entering the army, cannot be confined in some "pent-up Utica" with accessories of "cold water" and hard-tack and without amusement or good cheer, if they are to keep contented and not be tempted to desert.

The restraint of strict military discipline is usually onerous to most Americans in time of peace, and the life should have all the attractions consistent with duty, temperance, and healthful conditions as an offset to the necessities of army discipline.

As against all this testimony of men best qualified to judge of the merits of the canteen in army life, its opponents, who have succeeded in causing its abandonment by enactment of law, have produced an agitation among church, temperance, and religious societies who have overwhelmed Congressmen and Senators with petitions against the army canteen, signed by people who would probably have to look in the dictionary to ascertain the difference between a canteen and a haversack.

The temperance and prohibition societies, knowing very little about army conditions and caring less, through their paid Washington agents have sent out tons of tracts containing a lot of irresponsible statements against the canteen, under congressional frank, contrary to law, in order to work up church and temperance society indignation against the canteen. It would appear to them a great victory of the cause to deprive the soldier of his drink of light wine or beer and to break up all his social life, so as to throw him upon the vices of outside resorts. To them the abolition of the canteen is a part and parcel of their crusade in favor of prohibition, which is based on the absurd dictum that the man who drinks moderately has no rights that any temperance organization is bound to respect.

Which should the people believe in this controversy—men who know whereof they speak or professional agitators who are bent on foisting a pet "ism" upon us by threat of the ballot against timorous occupants of seats in Congress? The army, at least, ought not to be subject to vagaries of theorists.

Let there be a halt right here and now to the tinkering with army regulations by temperance or any other so-called "moral or eleemosynary societies" with an axe to grind, and let the army canteen be reëstablished at once.

Liquor selling in the canteen was not reëstablished.

CHAPTER XIII

Pure Food

William P. Hepburn [Ia.] Reports to the House from the Interstate Commerce Committee a Pure Food and Drug Bill Proposed by Emmett Tompkins [O.]—Debate: In Favor, Mr. Tompkins, Herman P. Dahle [Wis.]; Opposed, William C. Adamson [Ga.], Augustus P. Gardner [Mass.]; Passed by the House—Weldon B. Heyburn [Ida.] Introduces Pure Food and Drug Bill in the Senate—Debate: In Favor, Sen. Heyburn, Porter J. McCumber [N. D.]; Opposed, Joseph B. Foraker [O.], Benjamin R. Tillman [S. C.], Boies Penrose [Pa.]; Bill Is Passed by Senate; Conference Appointed; James R. Mann [Ill.] Reports Conference Bill to the House; It Is Enacted.

ON December 10, 1902, William P. Hepburn [Ia.], of the Interstate Commerce Committee, presented a pure food bill which had been reported to previous Congresses. In this Congress it had been proposed by Emmett Tompkins [O.].

Pure Food Bill

House of Representatives, December 18, 1902

Mr. Tompkins explained the measure on December 18.

Mr. Chairman, very few subjects have attracted more general and deep interest than the consideration of ways and means by which the people of the country may obtain pure food and unadulterated drugs. Nearly fourteen years ago the subject was first introduced into Congress by a Senator from Nebraska, and since then it has continually engrossed the attention of this body. Various societies throughout the country have taken action upon the question and made certain and emphatic recommendations. A large congress has been organized, known as the pure-food congress, and at its last meeting in this city there were present more than 400 delegates representing all classes, occupations, and all branches of industry and human pursuits.

As a result of the deliberations of the convention last mentioned, there was practically a unanimous recommendation to Congress that such a measure as the one now pending be enacted into a statute.

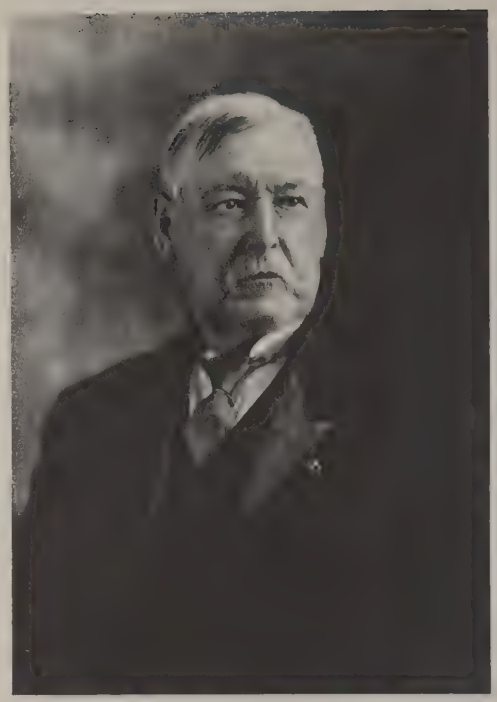
The purpose of this bill is not to prohibit the manufacture or sale of anything that is not deleterious, but it is to prohibit the manufacture of any sort of food that is deleterious, and to provide that any food or drug which is adulterated shall bear upon its face the badge of what it is, so that the purchaser may know what he is to get and he will secure that for which he pays.

The bill provides that the Secretary of Agriculture shall, from the chemical branch or bureau of the department, create a special bureau of chemists who shall examine food products and drugs which are placed upon the market. The authority of this bureau when constituted will not be permitted to go into any State and interfere with any such product manufactured within that State, but it shall have supervision over such products as are shipped from one State into another, into the Territories, or into the District of Columbia, and it will forbid the manufacture of any deleterious food product and sale of any adulterated product under false representation.

Now, this bureau of chemistry shall have authority to prescribe certain standards of excellence in food and of purity in drugs. When anyone ships an article from one State to another which is forbidden by this statute, or any impure drug, upon information delivered by an agent of this bureau upon inspection of any suspected article, the district attorney for the district in which the offending article is found shall institute proceedings in the proper court to inflict the prescribed punishment.

The bill defines what a "drug" is, and includes all medicines and preparations recognized in the United States Pharmacopœia for internal and external use. Defining the word "food": It includes all articles used for food, drink, confectionery, or condiment by man or domestic animals, whether simple, mixed, or compound. The term "misbranded" shall apply to all drugs or articles of food, or articles which enter into the composition of food, the package or label of which shall bear any statement regarding the ingredients or substances contained in such article, which statement shall be false or misleading in any particular, and to any food or drug product which is falsely branded as to the State, Territory, or country in which it is manufactured or produced.

There is no disposition on the part of the advocates of this



W P Hepburn

bill to invade any State and undertake to usurp the police powers of that State or to substitute its courts for the State courts in reference to any manufacture or any dealing in articles of commerce that are found wholly within that State, but recognizing, as has been demonstrated, the ineffectiveness of the miscellaneous sorts of legislation upon this subject by the various States, recognizing how inoperative have been statutes looking to the control of commerce passing out of one State into another, there has been, as I said in the beginning, a universal demand for the interposition of Congress, within the power which is vested in it by the Constitution, not only to regulate commerce between the States in the sense of controlling common carriers, but to go further and exercise such police power in connection with this commerce that nothing which is deleterious or deceptive or is a fraud or an imposition upon the people shall pass from one State to another.

Instead of being an interference with the administration of justice and the execution of the food laws of the various States, it is intended to be an auxiliary to those laws, and to help preserve to the people of the respective States pure food, pure drugs, saving them from fraud and deceit.

That there is an interest on the part of the people in this subject and that there is a demand on their part that Congress shall do something upon this important matter is evidenced by the fact that in nearly all the States of the Union pure-food laws are in existence and are being enforced with more or less success. I am informed that the legislature of the State from which my friend [William C. Adamson], who represents the minority in the discussion of this matter comes—the State of Georgia—I understand that within the last few weeks, by a unanimous vote of the Senate and House of Representatives of that State, a pure-food law has been enacted.

I do not understand that there is any organized opposition to this measure, except possibly as to the method of executing its provisions. Upon the sentiment that the people should be protected against fraud and deception, upon the proposition that health should be preserved by withholding from market impure food, there can be no dissension in the opinion of our people. Congress, by interfering so far as the scope of interstate commerce extends with the manufacture of impure drugs and adulterated food, seeks simply to throw around the purchaser and the consumer the protection of giving notice to him of what he is buying and what he is consuming.

Your committee, Mr. Chairman, are of the opinion that,

while a man has the right *per se* to manufacture a substance which looks like strawberry jam, he has no right to manufacture that substance and inject into it timothy seed and brand the vessel containing this fabrication with the name "strawberry jam." Your committee feel that the manufacturer or the dealer who sells this product should sell it for what it actually is, and should say: "While this looks like strawberry jam, while the timothy seed which it contains looks like strawberry seed, neither is genuine." And when a man puts an article upon the market which he calls coffee we want it to be coffee, not stuff compounded from tree bark and soil, which, by an ingenious process of compression and drying, is made to resemble the coffee berry, when there is no coffee at all in it.

Mr. Adamson, of the minority of the committee, opposed the bill.

Mr. Chairman, in the protracted hearings before the Committee on Interstate and Foreign Commerce I discovered to my own satisfaction that there was not only no necessity for the enactment of the bill, but that such legislation would be fraught with pernicious and dangerous consequences. I then gave my attention not so much to the details of the bill itself as to bringing out in the way of question and answer from those who appeared before the committee whether the States and local communities could not determine for themselves what their people should eat and drink and wear, and where they should buy such articles, instead of requiring that the burden should be put upon the Government of the United States of doing that in which it was never designed to have any concern.

I believe that the bill drawn and introduced by the distinguished chairman of the committee was the best of its kind if such legislation must be resorted to.

Mr. Chairman, I do not propose to discount the importance of purity and, above all, honesty in all sorts of commercial dealings. I have gone so far, after listening to the hearings of the committee, as to suggest to my conferees that the laboratory proposed could be a great and useful institution as a gatherer of information and a disseminator of education among the people of the country. I have gone even farther and proposed to agree that every man shipping from one State into another should be required, if the product be a compound, to label upon the package the exact ingredients which make the compound. Farther than those things, Mr. Chairman, I am not willing to go.

The bill proposes to extend its provisions to all our domain and govern all interstate business. I do not desire my friend from Ohio to understand, as he intimated, that I am stickling here about the question of State's rights. I believe if he would consider the question he would decide that he is as proud of his State as I am of mine and as jealous of her rights and sovereignty. I desire to say to him that all that subject was thrashed over by the ablest and greatest statesmen the world ever saw. I desire to state that long since that, and long since some people fondly imagined that States' rights had been stamped out and it was all right to invade local authorities and local communities, there have appeared in every State in this Union which ever seemingly denied it as lively a recognition of the doctrine and as keen a demand for it as rests in my breast whenever interest awakened their conscience on the subject.

The statesmen who prepared and builded the great edifice of this Government designed it to discuss and deal with great questions involving the liberties, the independence, and the welfare of this growing Republic, the greatest the world ever saw, and make its success and glory a shining light to all mankind. They never expected, when placing in the great bulwark of our liberties the commerce clause, thereby to monopolize all the functions and attention of the Federal Government and prostitute and use all the efforts and abilities of its statesmen in talking about matters of trade which were never intended to attract their attention except for one purpose. That purpose was solely and purely to prevent one State from discriminating against and injuring the interests of the people of another State in commerce—that, and no more.

Mr. Chairman, I think that my State can punish every solitary act, every fraud, every crime that has been described in any of these hearings, and any other State in this Union can do the same if it will. I contend that it is utterly unnecessary to burden this Government with little police matters that all the local communities can better attend to, and I know that after science has done its best or its worst, after all the laboratories have exhausted themselves, when all has been done and said that can be done and said, in the last analysis it will be proved that the old ladies in the home, the housewives, the old cook who used the elbow grease to mix the dough to make the bread —not last year's wasp nests which we have now and which are called bread—knew more about the subject than all science and all scientists.

Mr. Chairman, there are two or three insuperable objections

to the framework of this bill. One of them provides that a person pretending to represent the Government may force a dealer, under penalty of prosecution for refusal, to sell or deliver a sample for analysis, the result of which shall be submitted to a court on a prosecution, to the exclusion of all evidence about other goods, even those coming in the same case or package.

Now, it is quite as much as we can expect of human infirmity if, when you are really swindled, you take upon yourself the burden of your own grievance and place in operation the machinery for the obtaining of justice that the law furnishes and go ahead and punish the man who has already defrauded you. But to provide for the encouragement, not only of violations of the law, but to aid and extend the operation of a pestilential lot of spies, meddlers, and informers, who work for *per diem* and mileage, and sometimes other rewards incident to informing, would make a system a great deal more impure than any food or drink any people ever consumed and less to be desired.

Mr. Chairman, there is another objection to the bill, and not only that, but a thing that in my mind exhibits the great demand in some quarters for the bill. That is the provision that exempts a citizen from the expense of remedying his wrongs in the courts and puts upon the department first the duty of getting up the evidence and then calling upon the Federal officers whose duties would be to proceed with the prosecution. In the State courts where there is an act of cheating and swindling the injured man must simply, as the negro says, "tote his own skillet" and take up his own burden and attend to his own business.

Now, Mr. Chairman, I believe in pure food, pure coffee, pure everything that we eat and drink; but I believe in pure government. I believe in domestic and local government. I believe in the government of the home circle primarily and originally. I believe in the government furnished by the States and municipalities, which for domestic and police purposes were recognized by the founders of this great Government as the best and most perfect system of government. Not that anybody is jealous of local rights and afraid of the central authority; but the business can be better transacted, and crime can be more surely and speedily punished, and justice can be more certainly reached, and the central government will not be overloaded.

I believe in the Federal Government as firmly, as strongly, and as proudly as any man who ever lived. In its proper channels, devoted to its proper purposes, it may be the greatest,

most powerful, most glorious government the world ever saw. Out of its channels, condescending to functions it has no business with, it becomes contemptible and ridiculous, frittering away its time and the interests of the people who made it and endowed it with its powers and constituted it for better purposes. Long may the emblem of our power and glory wave far and wide; and around the world may our Government's influence increase for our uplifting and the good of mankind. But, Mr. Chairman, when it leaves its glorious purposes and condescends to things too small and too unnecessary for its attention, it is not strengthened, but weakened.

Augustus P. Gardner [Mass.] also opposed the bill.

Mr. Chairman, you cannot go down into that restaurant below here and eat a piece of bread which does not contain a poison injurious to human health. Every piece of bread you eat there contains alum or a salt of potash. I will venture to say that such is the case if they are prepared with any baking powder that has anything except the most limited sale. But we do not want to know it; we do not want to have these foods labeled. When I go into a sleeping car, where I know the air is surcharged with the germs of consumption, or where I know that the curtains surrounding my berth conceal the tubercle bacillus, I do not want to see a large placard saying so, when I enter the car anticipating a pleasant night's sleep.

It is exercise and moderation that are the true preservatives of health. I believe we have gone altogether too far with our anti-spitting ordinances and our health ordinances, and the various other complicated methods by which we attempt to get the better of the germ that is universal. I believe that the germinal theory of disease is a perfectly sound one, but I do not believe that these finical, annoying, expensive restrictions abate by one jot or one tittle the danger incident to the ills to which human flesh is heir. [Applause.]

On December 19 Herman P. Dahle [Wis.] supported the bill.

As a dealer in food as defined by this act, I will very much appreciate its passage personally, and for the people I represent.

It will be a benefit first to the consumer, who comprises all our people to a larger or smaller degree, by prohibiting the sale

of all articles of food products that are deleterious, and providing that all adulterated food and drugs shall be sold under their true names in such manner as to advise the purchaser of what he is getting. He will also be protected from purchasing that which is deleterious according to this bill when enacted.

And with such consumers whose taste or imagination can best be satisfied with such products as are manufactured abroad and imported the label or name will then be a security or guaranty.

The consumer who is poor, whose means are small, who must live as cheaply as possible and yet not sacrifice health, also the better to do of fair means, who wishes to live an economic life, will be benefited, because he may now subsist on that which is so poor as to be deleterious to health and life on account of the very inferior, decayed, mixed raw material used or poisonous ingredient added in such manufacture or preparation so that the product becomes deleterious.

He will also be benefited because food which is cheapened in such different ways as mixture and adulteration must then be marked as such and will be sold on its merits, except in cases where advertising may have some effect.

Those who will lose by the enactment of this bill are the following:

First. All manufacturers or dealers in all articles the sale of which will be prohibited by this law because such articles are deleterious.

Second. Manufacturers who have in many instances made undue profits by manufacturing, preparing, or canning what is now called pure food from animal, cereal, vegetable, or fruit raw product, which has been of such inferior quality or so decayed that the manufactured or prepared article is deleterious.

Third. Those who manufacture or prepare articles of food or drugs, included in this bill, marking, labeling, and offering such for sale as pure and of a high standard, while such may be adulterated, or imitations under the names of other articles, thereby taking advantage of the consumer, because such adulterated, mixed, or imitation article will yield the manufacturer a larger profit both to himself and dealer—because such manufacturer will also aim so to arrange his price to the dealer that he also may share in the larger profit to the loss of the consumer.

The one of the two dissenting members of the committee reporting this bill admits that legislation which will insure pure food and protection to the consumers is wise, but claims that such legislation should not embarrass the manufacturer of and

dealer in pure food. If a part of the manufacturers of food did not resort to the use of improper raw material, and make the food of low strength, as stated, there might be no necessity of this requirement, but with conditions as they are it is necessary.

Opponents of this measure claim that all that can be regulated which is involved in this bill by State officials through State laws better than by government officials through the enactment of the act before us. I wish to call your attention to the very marked improvement in reaching the object sought by government law enforced by government officials over State officials in the oleomargarine manufacture and sale when the late government law regulating the manufacture and sale of that product went into effect.

Before that time the unscrupulous manufacturer and dealer in that product made undue profits, taking undue advantage of the consumer by manufacturing, placing on the market, an imitation much more cheaply produced than the article it was made to imitate, placing same on the market and disposing of same for another product.

I do not find that the Government has any trouble in enforcing this law. The consumer who now wishes the genuine article can get such by paying the price it is worth, and the consumer of small means gets what he has to get along with at a proper price.

We keep our army and navy not for war but for peace, and so with the enactment of this bill, it will not be for war but for peace in the sense of the national law being effective where State laws are not in very many instances carried out.

The bill was passed by a vote of 72 to 21. The Senate committed it, and it was later reported and debated, but no action was taken upon it during the session.

On December 6, 1905, Weldon B. Heyburn [Ida.] introduced in the Senate a bill for "preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein." It was referred to the Committee on Manufactures, of which Senator Heyburn was chairman.

The bill was duly reported, and came up for discussion on January 10, 1906.

Pure Food

Senate, January 10-June 30, 1906

Senator Heyburn.—I submit that this bill is one of very great interest to all the people of the country in their homes and home life. I think it is only a question in this body as to whether this bill accomplishes what this body desires to accomplish. It is merely a question as to whether its provisions are fair to all of the people, those who manufacture, those who sell, and those who use the ordinary commodities of life. Committees of this body have been endeavoring for many years to reach a conclusion and to formulate a bill that would accomplish this purpose, and we sincerely hope that we have reached that point.

The first section of the bill provides that it shall be unlawful to manufacture forbidden or proscribed articles. It prescribes a fine and imprisonment against the manufacturer of such articles.

Section 2 of the bill provides against the introduction of forbidden articles from one State or Territory or district or insular possession into another jurisdiction, and prescribes practically the same fine for the introduction of the articles as it does for the manufacture of them.

Then there is a new feature to this bill that has not been heretofore embodied in any bill that has been introduced. Section 2 provides that

> the fines and penalties may be enforced against the officers of such corporation personally responsible for such violation, and any violation of any of the provisions of this act by any corporation shall be deemed to be the act of the officer of such corporation directly responsible therefor, and such officer may be punished for such violation as though such violation was the personal act of such officer.

That is a new feature in bills of this kind. It was intended to obviate the possibility of escape by the officers of a corporation under a plea, which has been more than once made, that they did not know that this was being done on the credit of or on the responsibility of the corporation.

There is another new feature.

Three departments—the Treasury, Agriculture, and Commerce and Labor—shall make rules jointly covering the manner of collecting specimens for determination.

Then it is provided that, after such specimens are collected,

the determination shall be made by the Bureau of Chemistry of the Department of Agriculture.

Another new feature in this bill is that we have separated liquors from foods. Heretofore the proposed measures have denominated all liquors, wines, and so forth as food. It did not appear to the committee reporting this bill that they should be so classified. Liquor is not a food necessary for the maintenance or sustenance of the human frame. If anything, it is a luxury.

As to the necessity for this legislation, I think it would be a waste of time to do more than suggest it. Nearly every State in the Union, Mr. President, has a pure-food law. The States have undertaken to legislate upon this subject, with, I believe, but one or two exceptions. Some of the laws upon the subject are very meager; some of them are very local; some of them are adapted to the peculiar local interests of the people of the particular State, but, as a rule, the States have enacted intelligent and appropriate legislation upon this question. The difficulty, which has been made plain to the committee, is that they can enforce the law only to the extent of the impure and adulterated products that are sent in unbroken packages within their borders from other States. There are a number of fraudulent articles that are under the ban of this legislation, not a pound or ounce of which is offered for sale in the State in which they are manufactured, because they are provided against by the legislation of that State; but they are manufactured in one State and sent to another in unbroken packages under the rule of law that is now established, perhaps forever. So that the State into which they are sent is helpless against the flood of these impure articles sent in unbroken packages under the protection of that rule of law and then offered for sale upon the retail market.

It is impossible for a State effectively to enforce a pure-food law without the coöperation of the general Government. It is obvious that it is only the general Government that can protect us from the influx of deleterious and poisonous articles from foreign countries. That must be done at the port of entry. There we stop such importations. There has been a law for this purpose on the statute book since 1848. That law is enforced, I believe, fairly and, perhaps, as efficiently as it can be under existing statutes and rules, but the proposed legislation fortifies the law of 1848 in providing a better method and more efficient coöperation between the branches of the Government in carrying out the spirit and intent of that law.

There are ports of entry in the West in States that prohibit

the manufacture or sale or distribution of these impure articles and do so efficiently, except as against outside interference. There is the point of necessity for the coöperation of the general Government with the States in the enforcement of this class of legislation.

I will not at this time undertake to enumerate the frauds perpetrated upon the people further than to state that, according to a statement which I have before me, received this morning, which is from an official source, in some of the great neighboring States more than 60 per cent. of all the drugs that are offered on the market are fraudulent, and not only do they not possess the qualities for which the drug is distinguished, or should be, but they are actually adulterated to such an extent that they are dangerous to be used.

On January 23 Senator Heyburn further supported the bill.

It has been suggested that this proposed legislation partook too much of the paternal in character and that it was not necessarily one of the functions of Congress to determine what may be designated as the small details of the public interest as it affects private individuals. I believe that one of the primary and most sacred duties of a legislative body governing and making laws for a country such as ours is the consideration of private interests relating to the welfare of the individual. Of course, it seems to be more of a legislative function upon casual glance to deal with international affairs, with great financial problems, with high-sounding legislative terms, but we are here primarily, Mr. President, for the individual people, and, when the voice of the people is raised in behalf of a measure of legislation, we cannot, as the authorized representatives of the people, ignore that voice.

Now, I appeal to Senators, has there ever been in the history of this country a more universal demand for action upon the part of Congress than the demand that has gone up from one end of the country to the other in regard to legislation upon the pure-food question? It affects the people more than the river and harbor bill; it affects the people more than the public-land question; it affects the people more than the relations between this country and some foreign country, because, unless the people are safeguarded in their individual rights, they care but little for the questions which are sometimes considered to be of larger importance.

I class the man who foists a bogus or an adulterated drug or medicine upon the market with the man who poisons the spring out of which the unknown public drinks. He does not know who his victim is going to be when he does it. He manufactures it for individual gain and selfishness; but when the physician, standing at the bedside of the sick, diagnosing the case, knowing from his education in the science of medicine that a certain drug will bring relief, writes a prescription, with instructions that that certain drug be procured, contemplating it in its purity, measuring its effect because of his knowledge of it in a pure state, and that prescription is taken to the drug store, and, instead of being compounded of the drugs that the physician had in mind when he wrote the prescription, it is compounded of a substitute, either an absolute fraud or a deleterious composition that will produce exactly the opposite result from that contemplated by the physician when he wrote the prescription, what is the effect? The medicine is taken to the bedside of the helpless sick. It is administered by the nurse in the hope that it may accomplish the result which the physician had in mind; but, on the contrary, because of the fact that it is a fraudulent substitute for the real panacea for the ill, the patient dies. Can you imagine a condition of affairs crying louder for a remedy than that?

Aside from the question of fraud from a financial standpoint, aside from the question of substituting a medicine that, perhaps, does not cost one-tenth what the real substance would cost, aside from the fraud that is based upon the gain in price between the real and the bogus article, the effect upon human life is as serious a question as could be presented in the consideration of a public measure asking for relief through legislation at the hands of Congress. Is that too small a question for Congress to deal with?

Only last Sunday I picked up one of the great journals of this country that ranks among the very best, and I found a very excellent little editorial commending pure-food legislation, commending the regulation and restraint of these bogus articles, and then in the same paper I counted sixty-two patent-medicine advertisements, and advertisements of the worst frauds that could be imagined. I appeal to the newspaper fraternity of the country to assist us in a real and substantial manner in settling this question.

The Post-Office Department could exclude from the mails those papers that carry upon their pages the tempting inducements to those who have real or imaginary ills to invest their

money in these poisonous, deleterious, and fraudulent substances. That is one way to reach them.

Congress alone can make effective the laws of the several States prohibiting the manufacture or sale of this class of articles. The States are helpless under the law. Under the Constitution, as it has been construed by the Supreme Court of the United States, these goods may go from one State to another in unbroken packages, and it is not until the package is broken that the jurisdiction of the State attaches. The State laws are helpless. There is a cry from every State in the Union—I think I may say that I have within my possession a demand from nearly every State in the Union—that the Congress of the United States should supplement their legislation and afford relief against the impositions that come from one State to another.

Seldom are these forbidden articles sold in the State of their manufacture. Seldom do they bring themselves within the law of the State which would regulate them. What higher duty can Congress perform than that of assisting the State governments in their local self-government in a matter which affects the people so closely?

This principle of self-government to which I have referred begins in the home. It begins with the individual, and it rises through the home and the local community and the various political governments until it reaches here, and we are the last arbiter and should be the first to afford relief.

On February 19 Joseph B. Foraker [O.] offered two amendments, the first striking out the word "added" in the provision of the bill that, "in the case of liquors, an article shall be deemed adulterated if it contain any added ingredient of a poisonous or deleterious character," and the second modifying the provision that the process of manufacture be stated on the package in which the liquor is offered for sale, so as to read that the liquor is to be labeled either "blended" or "rectified," or "vatted."

These amendments, said SENATOR HEYBURN, are supported by what is known as the "liquor interest." It is an attempt to take out of the bill which your committee has reported every element of protection against the very evil, so far as that trade is concerned, to which the bill is directed. It represents a con-

troversy between what is known as the "strict whisky men" and the blenders or rectifiers.

The word "added," after very mature consideration by your committee, was adopted because of the fact that there are to be found in nature's products, as she produces them, poisonous substances, to be determined by analysis. Nature has so combined them that they are not a danger or an evil—that is, so long as they are left in the chemical connection in which nature has organized them; but when they are extracted by the artificial processes of chemistry they become a poison. You can extract poison from grain or its products, and when it is extracted it is a deadly poison; but if you leave that poison as nature embodied it in the original substance it is not a dangerous poison or an active agency of poison at all.

So, in order to avoid the threat that those who produce a perfectly legitimate article from a natural product might be held liable because the product contained nature's poison it was thought sufficient to provide against the adding of any new substance that was in itself a poison, and thus emphasizing the evils of existing conditions in nature's product. Fusel oil is a poison. If you extract it, it becomes a single active agency of destruction, but allow it to remain in the combination where nature has placed it, and, while it is nominally a poison, it is a harmless one, or comparatively so.

As to the second amendment, it has been sent doubtless to every member of this body. I have hundreds of them that have been received, of course at the instigation of some common center of movement, but all emanating from what is known as the "distillers" or "liquor interest" of the country.

They were too wily to propose to strike those words out; but under the advice of shrewd counsel as to the interpretation the court would place upon certain words of limitation they have substituted words of limitation, so that under the well-established rule of interpretation of words and phrases it will be held to limit the scope and intent of the entire paragraph. So that unless liquor comes within one of those three classes it will not come under the purview or within the scope and intent of any part of the paragraph. They become words of limitation.

Every lawyer knows and must see the effect of the objection. It would be very easy for these rectifiers or blenders or contractors of bogus liquors to invent a new name for their process and leave all reference to it off of the bottle, and if they were before the court upon the charge of violating this law they would say, "We have not violated the law; these are

not blended goods, these are not rectified goods, these are not vatted goods; these are goods under some other process that was not mentioned or forbidden by the provisions of the statute." That is what they are after. They want to leave the field open to themselves, so they may change the name of the process and yet perform the same act and work the same evil against this trade.

Now, I desire to place all Senators upon guard against that amendment—plausible on its face, insidious in its power for harm to this bill. We must not adopt those words of limitation. If we do, we might as well strike out that provision of the bill. If I am not right, why do they want it?

SENATOR FORAKER.—I want to call the Senator's attention to the fact that I offered this amendment without pretending to know as much about it as I perhaps should know. I offer it because I am in receipt not of a few letters and telegrams, nor scores, but hundreds from constituents living in my State, engaged in the liquor business in one form or another, asking me to offer the amendment. I do not know who prepared it. I know some of the men who have written to me, but most of them I do not know. Those whom I do know I can vouch for, at least so far as I shall make any reference to them here this morning, as men of honorable and good standing in every way in the community where they live and where they do business. I do not think they are men who would engage in an effort to get into a bill in a sly way something that would give them an unjust advantage, something that Senators would not understand, something that would be an imposition in the results which would flow from it upon those who would be interested in this legislation.

Addressing me, H. F. Corbin & Co., of Cincinnati, Ohio, say:

H. F. CORBIN & CO., WHISKIES DISTILLERS,
Cincinnati, Ohio, February 9, 1906.

DEAR SIR: You will be receiving inclosures similar to the one we send herewith—

Which is this amendment—

as this idea embodies the sentiment and desire of every upright wholesale whisky and liquor merchant in the United States, as evidenced by resolutions of the National Wholesale Liquor Dealers' Association and also the various independent State organizations.

There is no objection on the part of the liquor trade to a pure-food bill; in fact, it is something which the better element of the trade has

desired for years; but while that is a fact it does not seem just to impose such an unfair, unreasonable, and uncommercial requirement as is embodied in the original bill.

Here is another letter from the Star Distillery Company, of Cincinnati, Ohio, one of the most reputable of the business houses of that character in our city.

February 10, 1906.

In the labeling of a barrel or a package containing blended whiskey, we do not consider it objectionable to use the words "blended" or "vatted," but it would be directly against the interest of our blended business to be compelled to brand or print the formula of such a blend on each package, as it would be publishing to our competitors the exact contents of such a blended article upon which we have used many years' knowledge and experience in successfully introducing such an article to the trade. You will no doubt agree with us that anything which would compel us or any other firm in the liquor business to publish the secret knowledge of our different formulas would be unfair.

In this connection we wish to say that we are heartily in favor of the provisions which prohibit the sale of any liquors adulterated, or which contain any ingredient of a poisonous or deleterious character, and we shall always be ready to assist the Department in prohibiting the sale of such liquors.

PORTER J. MCCUMBER [N. D.].—What portion of the Heyburn bill requires that the formula for blended whisky should be published? There is not a single thing that requires it, but on the contrary the bill is so drawn that it prevents any attempt to compel a disclosure unless there are impure ingredients put into the liquors themselves in addition.

SENATOR FORAKER.—Mr. President, that may be true, but it is not clearly the proper construction of the language that has been employed.

The gentlemen who write me say they are afraid the construction of that language would be such as to require them to put their formula on the label, and they do not want to put their formula on. What they want is that the bill will tell them what ought to go there. They have no objection to putting on that their goods are blended, or that their goods are rectified, or that their goods are mixed goods; but there ought to be some general term, like the term "blended," that would satisfy the law, substituted for the present uncertain statement which might be so construed as to require the whisky manufacturers to expose on the label the formula by which they mix their goods.

Now, I wish to speak of the first amendment.

Why should it be an "added" ingredient of a poisonous or

deleterious character before it is required to be published to the world as an adulterated mixture?

If the word "added" serves any good purpose there, I do not object to its remaining; but gentlemen who are entirely familiar with this business do not think that it does; and to the average layman it would seem that any kind of an ingredient ought to be stricken out, whether it might be added or not, that was poisonous or deleterious in the alcohol in its natural state before it was rectified, blended, or vatted.

BENJAMIN R. TILLMAN [S. C.].—Possibly I can explain to the Senator. I have studied this whisky question a little. I used to be head barkeeper, as they called me in South Carolina, when the dispensary was inaugurated there, and I know a good deal about it.

The added ingredient would be some adulterant for the purpose of coloring or to give it some flavor. There might be a more dangerous ingredient that would be in the spirits as they come from the still, and that is fusel oil, the most deadly of poisons. The mean liquor—what is known as the "meanest of mean liquor"—is due to the fusel oil that is in the crude alcohol instead of deodorized alcohol from which fusel oil has been extracted. That would not be added, because it comes from the corn.

SENATOR FORAKER.—I do not think that ought to be used as a beverage under any circumstances.

SENATOR TILLMAN.—Neither do I.

SENATOR FORAKER.—I would so amend the bill, if whisky in its natural state has a poisonous ingredient in it that is dangerous to life and health, as to prohibit the sale of it. I wish the Senator, from South Carolina, out of the abundant knowledge that he has of this trade, would frame an amendment prohibiting the sale of liquor that has any fusel oil in it. Such an amendment would not do anybody any harm and might do a great deal of good.

SENATOR TILLMAN.—There are two kinds of alcohol. One has fusel oil in it, which comes with the grain and gives the flavor; the other has the fusel oil taken out and is known as "deodorized alcohol," and is the basis of every fine blended whisky in the world. Fusel oil is that chemical property which rests mainly in the hull of the grain and in the peeling of the fruit. It gives flavor, and it is a deadly poison. Therefore, new liquors, fresh from the still, are very dangerous to health and very injurious. You have to wait and age them for a year or two or three or five years before the fusel oil that is left in the

liquor changes to ether of one kind or another and gives the nutty flavor of which connoisseurs are so fond.

SENATOR FORAKER.—In this connection I offer the following letter:

CLEVELAND, OHIO, *February 3, 1906.*

Amendment 1 was suggested in the interests of the health of the whisky consumers, who ought to be protected against too large a percentage of fusel oil in their whisky. The amount of fusel oil which is contained in any straight distillate depends entirely upon the care of the distiller.

I wish to add in connection I learn that Mr. Wiley is working to have the name "whisky" apply only to goods at 100 per cent. [*i.e.*, ½ alcohol and ½ water]. If for no other reason than to form temperate habits this should be defeated, as it would have a tendency to prejudice people against lower-proof whisky, and to drink the goods at 100 per cent. and higher, which is too strong, in my opinion.

Senator Tillman described the "blending" process:

You take a fine alcohol and pour it into a vat and add some two-stamp whisky, as it is known, or straight whisky, that has come out of the Government warehouse and been aged by natural process, with its aroma and flavor increasing every year. You add a certain percentage of this two-stamp whisky to your pure alcohol, and by adding some coloring matter and some sugar in the way of burnt caramel, you get what are known as the fine blended whiskies of commerce, selling for five or six dollars a gallon. But they all have at the bottom the deodorized alcohol, which is worth $1.27 a gallon. To take out the word "added" would simply destroy the opportunity of punishing the adulterator for adding coloring matter and sweetening matter and bead oil to the product in order to bamboozle his customers.

On February 21 Senator Heyburn replied to Senator Tillman:

This is not a prohibitive section of this statute. It is merely a definition. It says that the mingling of an added poison with the thing itself would constitute an adulteration of it. Well, it probably would, in any event, and the courts probably would hold that to take an article that was, as whisky is when it is distilled, in its natural condition as it comes from the still and mix anything with it that was of a character that would degrade it or would lessen its value, that would be to adulterate it. But this bill, in order to make that certain in describing

what shall constitute the adulteration of these articles, whether it be foods, drugs, or liquors, says that in the case of liquors the article shall be deemed adulterated if it contain any added ingredient of poison. In other words, if you add to the venom of the article itself for destructive purposes, or the capacity of it to injure those who use it. To strike out the word "added" here would be an admission that, if a thing contains 5 per cent. poison, it would be no offence to add another 5 per cent. to it and make it that much more dangerous.

I will instance a point. Cologne spirits contain no fusel oil. The high grade of blended spirits is made with cologne spirits as a base. The word "added" would, through its application, prohibit the adding of fusel oil to that whisky for any purpose whatever if it had been made upon the base of cologne spirits, which contains none.

BOIES PENROSE [Pa.].—But how would it reach the case of straight whisky in which the fusel oil was inherent and had not been eliminated by age, or the various processes by which it is eliminated, into a mere trace, which is the largest amount of fusel oil permitted in the Pharmacopœia? How would this amendment reach that case where fusel oil has not been added, but is inherent in the whisky?

SENATOR HEYBURN.—It does not reach it at all, but there is another provision in this bill that prohibits the sale of or commerce in any article that is deleterious to human health.

SENATOR PENROSE.—In other words, the straight-whisky people are taken in under the general dragnet clause—which I do not suppose can have any practical effect—whereas the blended whisky people are singled out to be punished and have their goods discriminated against and prejudiced in the public mind.

SENATOR HEYBURN.—Not unless the blended-whisky men desire to add fusel oil to their product, and that they should not be permitted to do.

SENATOR PENROSE.—I will ask the Senator whether he has any objection to specifically having a provision inserted here applicable to the straight-whisky product which has fusel oil in it?

SENATOR HEYBURN.—What kind of a provision, I would ask the Senator?

SENATOR PENROSE.—That all straight whisky shall be of the standard established in the American Pharmacopœia.

SENATOR HEYBURN.—That would be to enter upon the fixing of standards. The Pharmacopœia is made the standard for determining the purity of all drugs and of all whisky used in

connection with drugs by an express provision of this bill. It would be utterly impracticable for us in legislating upon this subject to attempt to settle the controversy that has existed, and perhaps always will exist, between what is known as the "manufacturers of straight whisky" and the "concoctors of blended and rectified whiskies." The committee tried to avoid that controversy. It is no part of our duty in legislating upon this question to settle these controversies any more than it would be to settle the question as to the superiority of any other article of food or commerce.

These contending schools of distillers, or, rather, the distillers and those who take the product of the still and change it into something else, have always existed, and they probably always will, but I had hoped that their contentions would not be brought into the Senate in the discussion of this bill.

The word "added" has nothing to do with that question, unless the rectifiers or blenders confess that they desire to add fusel oil to their blended whiskies, because when whisky is blended it contains none, if it is a genuine blend based upon cologne spirits. If it is not, then it is a fraud, and this bill is directed against frauds. That is what it is for; and if anyone complains that it interferes with his fraudulent business he complains against the legislation and the purpose for which it is proposed generally. We have no reply to make to that, except to say that we are here to legislate against that class of business.

Senator Foraker's amendments were defeated: the first by a vote of 24 yeas to 46 nays; the second by a vote of 33 yeas to 35 nays. The bill was then passed by a vote of 63 to 4.

The House referred the bill to the Committee on Interstate and Foreign Commerce, which reported it with amendments on March 7. After considerable debate, chiefly on the extension of the Federal police power within the States, the bill was passed on June 23 by a vote of 241 to 17.

The first conference on the differing bills of the Senate and House was abortive, and a second conference was held, which made its report on June 28.

On June 29 James R. Mann [Ill.] spoke before the House on the reported bill. He said that it was in the main the House bill. The provision requiring a man to

sell articles of food which might be used against him in evidence had been eliminated as a bad feature and likely to cause the bill to be declared unconstitutional.

We struck out the provision which affected the question of States' rights and the control of the Federal Government over original packages, leaving the law as it stands without regard to this bill.

We made a slight change in the amendment which affected the case of whisky, by specifically providing what we thought we had already covered—and still think we had covered—in the House bill—by specifically providing that in the case of compounded, imitation, and blended articles the package label shall bear the word "compound," "imitation," or "blend." And on the drug provision, while we accepted one definition of drugs that was in the Senate bill—which is not quite so strong as the House definition—we retained the important provision in regard to labeling on the package all the habit-forming drugs, as set forth in the House bill, and struck out the proviso excepting alcohol used as a solvent or preservative; so that as the bill is reported from the conferees it requires on all medicines the labeling of the quantity or proportion of alcohol, opium, morphine, and other habit-forming drugs which are named in the bill.

Mr. Speaker, I would think that I was somewhat derelict in my duty in reference to this bill if I did not say a word or two in regard to the services of the man in this House who is principally entitled to the credit for the enactment of a pure-food law at all. The chairman of the Committee on Interstate and Foreign Commerce—and these words will come as a surprise and embarrassment to him—the gentleman from Iowa, Colonel Hepburn, for eight years and more has been a determined, constant, steady advocate of pure-food legislation. Three times at least the House, under his lead, has passed a pure-food bill. And when it shall become enacted into law, as I believe this shortly will be when this conference report is agreed upon, to him the most credit for the law will be due. [Loud general applause.]

The conference report was agreed to in both Chambers, and President Roosevelt approved the bill on June 30, 1906.

HENRY CLAY ADDRESSING THE SENATE

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VOLUME TWELVE

REVENUE: THE TARIFF AND TAXATION

With an Introduction by IDA M. TARBELL, L.H.D.
Associate Editor of the *American Magazine*

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INTRODUCTION

Some Moral Aspects of Tariff-Making[1]

DIFFICULT as it would be for one to realize it who took up for the first time the present tariffs of the United States, they rest on a formula which, as it always has been understood by the majority of the people of the country, is not especially intricate or confusing. Put yourself back a hundred years or so, when the country was busy with agriculture and commerce and mining. We had an enormous advantage in these pursuits. We were at a disadvantage in manufacturing. To be sure, from the start we did a little. In the nature of things we would gradually do more, and what we did would be on a solid basis. But, obviously, only the born ironmaster, potter, weaver, was going to practice his trade in the new country with the foreigner importing goods cheaper than he as a rule could make them. And so we decided to encourage manufacturing by taxing ourselves.

The amount of the tax decided on was to be only enough to put our would-be manufacturers on an even basis with the foreigner. This meant what? By general consent it meant giving our people enough to cover the difference in the cost of labor. Plainly, Americans were not going to work for the same wages that Europeans did. There were too many ways in which they could earn more. The country was new and men could have land of their own on easy terms. Commerce called them, for, having

[1] Adapted from the author's book, "The Tariff in Our Times," published by the Macmillan Company, New York, 1911.

land, we were raising foods, and Europe and the Orient, worn and old and privilege-ridden, were crying for food. They could make everything we wanted, and far cheaper. They were eager to exchange. If we were to do our own manufacturing we were obliged to devise a scheme which would make the wages of operatives approximately equal to those which could be earned in our natural occupations. *Thus protection was not adopted for the sake of producing generous wages for labor. It was adopted because the rewards to labor in the new country were already generous and promised to be more so.*

There is another equally important point to remember, and that is that it was expressly understood that the duty was never to be prohibitive. It was to be one that would permit the man at home to compete with the man from abroad; no more. Sensible people have always agreed that we would injure ourselves if we allowed prohibitive duties, since they would *cut us off from the stimulus of competition and also from models.*

The old countries had been for centuries making the goods we wanted. *They knew how to do it. We needed constantly before us in our markets the educational effect of their work.*

There were few, if any, at the start to deny that this taxing of ourselves to establish industries was dangerous business, undemocratic, of course—probably unconstitutional—and an obvious bait to the greedy; but they comforted themselves with the gains which they believed would speedily result. The list was tempting:

1. We were to build up industries which would supply our own needs.

2. The laborers attracted into these industries were to make a larger home market.

3. We were soon to out-rival the foreigner in cost of production, giving the people in return for the tax they had borne cheaper goods than ever the Old World could give.

4. We were to outstrip the Old World in quality and variety—another reward for taxation patiently borne.

5. We were to over-produce and with our surplus enter the markets of the world.

Nobody pretended to deny that if it was found on fair experiment that these results were impossible in a particular industry the protection must be withdrawn. Otherwise it amounted to supporting an industry at public expense—an unbusinesslike, unfair, and certainly undemocratic performance.

But what has happened when the formula has not worked? Take the failure after decades of costly experiments to grow all the wool we use, to make woolens of as high a quality and at a price equal to those of the English. Fully sixty per cent. of the raw wool used in the United States is brought from other lands, and a tax of 11 or 12 cents is collected on every pound of it. Our high grade woolens cost on an average twice what they do in Europe. The fact is, the protective dogma has not, and probably never can, make good in wools and woolens. It is one of those cases where we can use land, time, labor, and money to better advantage. The doctrine of protection as well as common humanity and common sense orders the gradual but steady wiping out of all duties on everything necessary to the health and comfort of the people, unless in a reasonable time these duties can supply us better and cheaper goods than we can buy in the world market. That time was passed at least twenty years ago in wool, but Schedule K still stands. It is supported by an interpretation of the formula of protection, which, as one picks it out to-day, from the explanations and practices of the wool growers and wool manufacturers, is only a battered wreck of its old self. It ignores utterly the time limit, the "reasonable" period in which an industry was to make good. It ignores the condition that the duty should not destroy fair competition. Moreover, it stretches the function of the duty from that of temporarily protecting the cost of production to one of permanently insuring profits. The chief appeal of those who employ this distorted notion is not to reason at all, but to sympathy—sympathy for the American working-man. Call their attention to the inequalities of the duties on raw wool, and they will tell you of the difference in the labor cost of dress goods here and in England. Tell them the quality of our goods

is deteriorating, and they will draw you a picture of the blessings of the American working-man. Tell them that the wool schedule has taken blankets and woolen garments from the sufferers from tuberculosis, who certainly need them, and they will tell you that "the American people are better clothed than any other people in the world and their clothes are better made."

Any one who has observed the life of the working-man on both sides of the Atlantic knows that wages, conditions, opportunities are vastly superior as a whole in the United States. It is a New World, with a New World's hopes. But it is only the blind and deaf who do not realize that the same forces of allied greed and privilege which have made life so hard for so many in the Old World are at work, seeking to repeat here what they have done there. The favorite device of those who are engaged in this attempt is picturing the contrast between the most favored labor of the United States and the least favored of Europe. It is a device which "Pig Iron" Kelley used throughout his career with utter disregard of facts. Mr. McKinley followed him. In the course of his defence of the tinplate duty he read, with that incredible satisfaction which the prohibitive protectionist takes in the thought that his policy may cripple the industry of another nation, an English view of the effect the proposed duty would have in Wales. "The great obstacle to tinplate making on a large scale in the States," said the article, "is the entire absence of cheap female labor." Mr. McKinley paused and said impressively, "We do not have cheap female labor here under the protective system, I thank God for that." And yet at that moment in the textile mills of New England, of New York, and of Pennsylvania, not only were thousands of women working ten, eleven, and more hours a day, because their labor was cheap, but thousands of *children* under twelve years of age were doing the same.

The average weekly earnings for 58 hours in cotton factories in 1907, a "boom" year in the industry, were: For the carding room, $7.80; for mule spinners, $12.92; for speeders, $10.62; for weavers, $10.38. In the woolen industry the picker received $8.00; the woman spinner,

$7.25; the man spinner, $12.91, and the weaver, $15.34.

If a man could make these wages for fifty-two weeks a year throughout his working life, if he had a thrifty wife and healthy children, his lot, if not altogether rosy, would be far from hopeless; he might even be able to realize the dream of a little home and garden of his own which lurks in the mind of every normal man, and which, in the case of the textile operative, is almost imperative if he is to have a decent and independent old age. For this man, however husky he may be at the start, however skilful a laborer, has always a short working life. There are few old men and women in textile factories. By 55 they are unfit for the labor. The terrible strain on brain and nerve and muscle has so destroyed the agility and power of attention necessary that they must give up the factory, where, indeed, for several years their output has probably been gradually decreasing. As almost all textile operatives are paid by the piece the wage will gradually fall off as dexterity declines. By 55, then, if not earlier, he drops out, picking up thereafter any odd job he may.

It is this short working life of the father, with the declining wage for years before it actually ends, that makes woman and child labor an essential factor in the solving of the problem of the textile family.

The protectionist who answers every criticism of his rates by conjuring a picture of "pauper labor" is equally conscienceless in his attitude toward the relation of protection to the two most disquieting industrial phenomena of our day, the increase in the cost of living and the multiplicity of corporations which aim to become and often are monopolies.

In recent years the problems of the operative have been complicated by the soaring cost of living. Almost everything he buys is higher in price, or, if he insists on a standard price, the article is poorer in quality. Take the very protected articles from which a manufacturing State such as Rhode Island draws its wealth. All of the 68,000 textile workers in that State must have clothes. Now the price of women's all-wool dress goods increased in Providence, the center of the industry, over 33 per

cent. between 1891 and 1907. There was an increase in virtually all the cotton-warp goods, varying from 4 to 40 per cent. Underwear in which there was any mixture of wool cost a fourth more in 1907 than sixteen years before. Bleached muslin used for shirtings was 34 per cent. dearer. That is, their own industries are taking out of the textile operatives the increase in wages which this same period has seen!

No evil concealed in the doctrine of protection was ever more thoroughly advertised than monopoly. At every stage since Hamilton's time we have been warned that it waited us just around the turn. For the last twenty-five years, especially, we have seen it pour down upon us—an army whose ranks yearly grew thicker, stronger, and more cruel. This is the very army against which we have been cautioned for decades as waiting in ambush. There was a counter force provided, of course, for this waiting enemy—domestic competition. Now, we know what has happened to domestic competition in the last thirty years in this country. Freed from foreign competition—something which the doctrine never intended should happen—the home manufacturers have by a succession of guerilla campaigns, often as ruthless and lawless as those of wild Indians or Spanish freebooters, corralled industry after industry so completely that they could control its output and at once cheapen the quality and increase the price.

One of the most serious results of this distortion of the protective system is the kind of man it encourages: a man unwilling to take his chances in a free world-struggle; a man whose sense of propriety and loyalty has been so perverted that he is willing to treat the Congress of the United States as an adjunct to his business; one who regards freedom of speech as a menace, and the quality of his product of less importance than the quantity; one whose whole duty toward his working-man is covered by a pay envelope. This man at every point is a contradiction to the democratic ideal of manhood. The sturdy self-reliance, the quick response to the ideals of free self-government, the unwillingness to restrain the other man, to hamper his opportunity or sap his re-

sources, all of these fine things have gone out of him. He is an unsound democratic product, a very good type of the creature that privilege has always produced.

But this man would be impossible were it not that he has the backing of politicians and law-makers. Behind and allied with every successful high-tariff group is a political group. That is, under our operation of the protective doctrine we have developed a politician who encourages the most dangerous kind of citizenship a democracy can know—the panicky, grasping, idealless kind. Moreover, we have developed a politician whose principal method of getting things done is by barter.

Let us admit that reasonable people must not expect in a popular government to arrive at results save by a series of compromises. No reasonable person can expect the protective system to be handled without compromises, backsets, and errors of judgment, but *he can expect it to be handled as a principle and not as a commodity.* The shock and disgust come in the discovery that our tariffs are not good and bad applications of the principles of protection, but that they are good or bad bargains. Dip into the story of the tariff at any point since the Civil War and you will find wholesale proofs of bargaining in duties; rates fixed with no more relation to the doctrine of protection than they have to the law of precision of the equinoxes. The actual work of carrying out these bargains is of a nature that would revolt any legislator whose sensitiveness to the moral quality of his acts had not been blunted—who had not entirely eliminated ethical considerations from the business of fixing duties. And this is what the high protectionist lawgiver has come to—a complete repudiation of the idea that right and wrong are involved in tariff bills. There is no man more dangerous in a position of power than he who refuses to accept as a working truth the idea that all a man does should make for righteousness and soundness, that even fixing a tariff rate must be moral. But this is the man the doctrine of protection, as we know it, produces, and therein lies the final case against it—men are worse, not better, for its practice.

Louis Filler

CHAPTER I

Direct vs. Indirect Taxation

Tariff Acts of 1789—Alexander Hamilton, Secretary of the Treasury, Advocates Protection in His "Report on Manufactures"—Internal Duties Are Laid on Spirits—Debate in the House on the Excise: in Favor, James Madison [Va.], Samuel Livermore [N. H.], Theodore Sedgwick [Mass.], William B. Giles [Va.]; Opposed, James Jackson [Ga.], Jonathan Parker [Va.], John Steele [N. C.], William L. Smith [S. C.]—Revenue Act of 1794—Debate in the House on Direct *vs.* Indirect Taxation: in Favor of Direct Taxation, John Smilie [Pa.], Mr. Madison, William Findley [Pa.], Samuel Smith [Md.], John Nicholas [Va.]; in Favor of Indirect Taxation, Uriah Tracy [Ct.], Mr. Sedgwick, Fisher Ames [Mass.], William L. Smith [S. C.]—Debate on the Land Tax: in Favor, Thomas Scott [Pa.], Mr. Sedgwick; Opposed, William Lyman [Mass.], Samuel Dexter [Mass.]; It Is Negatived.

BEFORE the Confederation the tariff had never been a leading American issue. But during the period in which this plan of union was in operation it was the tariff question, together with that of internal revenue, as we have seen in Vol. I, which brought to light the underlying weakness of the existing system of government, and subsequently led to the adoption of the Constitution.

The first tariff act was passed on July 4, 1789. By this act Congress laid specific duties on many articles, and *ad valorem* duties, varying from 7½ to 15 per cent., on others. There was also a large free list, for the act was only a slight beginning of the protective system. The preamble to this act declared:

It is necessary for the support of the Government, for the discharge of the debts of the United States, and the encouragement and protection of manufacturers that duties be laid.

On July 20, to provide additional revenue, an act laying a tonnage duty was passed. This act discriminated in favor of American shipping, higher duties being imposed on foreign than on American bottoms. This system of protection was defended and explained by the Secretary of the Treasury, Alexander Hamilton, in his "Report on Manufactures" (1791), in which he gave the arguments for protection which have been used and elaborated by various writers since his time.

In 1790, the customs receipts having proved inadequate for the purposes of the tariff acts, Hamilton outlined a system of internal revenue. Though this plan was not adopted until four years later, an act was passed in 1791 by which alcoholic beverages were subjected to a moderate tax. This act was extremely unpopular, and in 1794 caused an uprising in western Pennsylvania known as the "Whisky Insurrection."

In the debate on this measure in the House of Representatives the leading speakers in favor of excise were James Madison [Va.], Samuel Livermore [N. H.], Theodore Sedgwick [Mass.], and William B. Giles [Va.], while among the most important of those opposed to this system of taxation were James Jackson [Ga.], Jonathan Parker [Va.], John Steele [N. C.], and William L. Smith [S. C.].

Duties on Spirits

House of Representatives, January 5-25, 1791

Mr. Jackson said this mode of taxation was odious, unequal, unpopular, and oppressive, more particularly in the Southern States; in which he observed its unequal operation would be most sensibly felt, as the citizens of those States have no alternative to adopt by which they can diminish the weight of the tax—no breweries or orchards to furnish a substitute for spirituous liquors; hence they become a necessary article. He contended that they were not only necessary, but salutary in the Southern regions.

Mr. Jackson then gave a short sketch of the history of excises in England. He said they always had been considered by the people of that country as an odious tax from the time

of Oliver Cromwell to the present day; even Blackstone, a high prerogative lawyer, has reprobated them. He said he hoped this country would take warning by the experience of the people of Great Britain, and not sacrifice their liberties by wantonly contracting debts which would render it necessary to burden the people by such taxes as would swallow up their privileges. We are, said he, too much in the habit of imitating that country, and I plainly perceive that the time will come when a shirt shall not be washed without an excise.

Mr. Parker touched on the mode of collecting the tax. It will, he said, convulse the Government; it will let loose a swarm of harpies, who, under the denomination of revenue officers, will range through the country, prying into every man's house and affairs, and like a Macedonian phalanx bear down all before them.

Mr. Madison felt the force of the objections which had been urged against the bill. He was in general principled against excises, but, of all excises, that on ardent spirits he considered the least exceptionable. The question now to be determined, he conceived, was this: is an addition to the present amount of the revenue necessary? It had appeared that an addition is necessary; for his own part, he should prefer direct taxation to any excises whatever, but he conceived this would be contrary to the sentiments of the majority of the people of the United States, and he was fully convinced that it was contrary to the opinion of a great majority of the House.

Mr. Jackson doubted not other resources of revenue might be explored which would be more palatable; he instanced a tax on salaries, pensions, and lawyers, and in these particulars he wished that the example of Great Britain might be followed.

He then dilated on the practice of smuggling, which he contended would be promoted by this bill; also the difficulties and opposition which were justly to be expected, by which the dignity of the Government would be insulted. Can this Government, said he, protect its officers from the resentment of any one State in the Union? He reprobated the idea of placing the Government in such a situation.

Mr. Steele said such was the present state of the public mind in various parts of the Union that he should dread taking any measures which might serve to increase the fermentation which the people were in. An excise he considered of this nature; it would in its operation produce the worst consequences. A more exceptionable mode of taxation, he conceived, could not be devised. A direct or poll tax, he supposed, would

not be so odious; and though, for his own part, he should prefer an excise to either of the former taxes, yet such was the aversion of the people to it that he should prefer almost any other alternative. He thought other objects might be found from which the necessary revenue could be raised. He instanced duties on inland navigation, law proceedings, legal conveyances, etc.

He then adverted to the operation of an excise, especially in the State of North Carolina, and said that the consumption of ardent spirits in that State was so great that the duty would amount perhaps to ten times as much as in the State of Connecticut. On the whole, he hoped, if the section is not struck out, that the excise will be reduced.

Mr. Livermore was in favor of the bill. He considered it an equal and just mode of taxation, and as such one that would be agreeable to the people; they would consider it as drinking down the national debt. He then obviated the objections to the bill, which, he conceived, arose principally from the word excise. He thought the term very improperly applied on the present occasion, for the duty cannot be said to be an excise. He then gave a description of what had been considered in times past as an excise, which, to be sure, is a very unequal tax, inasmuch as it fell on the poor only, who were obliged to purchase in small quantities, while the rich, by storing their cellars, escaped the duty. But this bill provides that the duty shall fall equally on the rich and poor. It is to be paid, or secured, by the importer of foreign spirits, and on the still-head on domestic spirits. This will equalize the burthen, and leave no room for complaint. He then adverted to direct taxation, and, by a variety of particulars, showed that it was utterly impossible to lay a direct tax that would not prove unjust, unequal, and grievously oppressive.

Mr. Sedgwick was unhappy to hear that discontents prevailed in any part of the United States. He could assure gentlemen that he did not contemplate the execution of the laws by military force. In framing the present bill, great attention had been paid to prevent its being attended with those qualities which, in other countries, rendered taxation by excise justly obnoxious to popular resentment. He believed that of all the subjects of revenue which were within the power of Congress, none was so proper as the duty on ardent spirits, contemplated by the bill. The several species of taxation may be divided into the four following: by impost; a tax on internal negotiations; direct taxes; and that now under consideration, excise.

The impost duties had been extended as far as was, in the opinion of any gentleman, dictated by sound policy. The tax on internal negotiations, which could not be carried on to any considerable extent without the intervention of stamps, was subject to the objection brought against the present bill, and that in a degree incomparably beyond it, of being opposed by public opinion. Direct taxes are still more objectionable on that account, at least in every part of the country to which his knowledge extended. They are of all taxes the most unequal, and in this country would be found the most oppressive. They are unequal, because, with whatever exactness they may be apportioned upon capital or income, the only two principles on which an apportionment can be made, they may, and will, be very unequal as to the burden imposed; because a man's ability to pay taxes is not in proportion either to his capital, his property, or his income, but to that part of his income which is over and above his necessary expenses, according to the usual manner of living for persons of his degree in the community. They will be oppressive in this country, because in many of the States the plentiful circulation of money, and the facility of obtaining it, does not extend to the interior parts, nor could it be obtained by many of our citizens without a great sacrifice of property. It may be added that, from the extent of our settlements compared with the number of our citizens, the expense of collection would be immense.

In regard to excises, Mr. Sedgwick said that in all insensible modes of taxation it should be observed that a much greater sum would be obtained from an individual than by any mode of direct imposition; this, without entering into a discussion of the reasons upon which it is founded, is demonstrated by fact. He instanced the porters of London, from whom, in the single article of beer, were drawn ten times as much as could be procured by the most rigorous mode of direct taxation. With regard to the proposed duties, though the well-meant consideration of morality which had been urged by some gentlemen weighed but little with him, because he doubted whether it was well founded, yet, if the consumption, which at present amounts to an enormous quantity, should be lessened, he did not believe that it would be attended with any sensible inconvenience.

Mr. Smith said the present bill was not so exceptionable on account of its violating private property as the collection law.

He instanced, in a particular clause of that law, the power of entering houses by warrant from a justice of the peace—

trial by jury is secured by this bill, and other provisions friendly to personal rights are added.

Mr. Giles stated certain principles on which taxation should be formed. Taxes should be necessary, and raised on a plan consistent with the principles of liberty. The expediency of the present mode, he argued, from the impost's being carried to the utmost; from the approbation of this mode by a majority of the people, and, though uneasiness might prevail in some of the Southern States, he considered them as originating altogether from the want of due information.

When, in June, 1794, Hamilton's plan was carried into effect, and duties were laid on carriages, sales at auction, snuff, sugar, and tobacco, the measure encountered vigorous opposition. The duty on carriages was declared by many to be unconstitutional, and in Virginia the collection of this tax was disputed until the Supreme Court of the United States declared in favor if it.

In the debate on this bill the relative merits of direct and indirect taxation formed the chief issue.

Those speakers who argued in favor of direct taxation were John Smilie [Pa.], James Madison [Va.], William Findley [Pa.], Samuel Smith [Md.], and John Nicholas [Va.]; the speakers in favor of indirect taxation were Uriah Tracy [Conn.], Theodore Sedgwick [Mass.], Fisher Ames [Mass.], and William L. Smith [S. C.].

Direct vs. Indirect Taxation

House of Representatives, May 1-4, 1794

Mr. Smilie.—Taxes which are paid imperceptibly are more dangerous than others, because by their invisibility the people are seduced from thinking to what purposes their money went.

Mr. Tracy could not believe that the member was serious in advancing such a doctrine, for the sum of it is that when taxes are to be raised Government is in duty bound to give the people who pay these taxes *as much trouble as possible!* There was nothing but this alternative—a tax on tobacco, or a land tax—which was equivalent to a tax upon necessaries.

Mr. Madison had always opposed every tax of this nature,

and he should upon all occasions persist in opposing them. If we look into the state of those nations who are harnessed in taxes, we shall universally find that, in a moral, political, and commercial point of view, excise is the most destructive of all resources. Much of the collection of this tax on tobacco would depend on the oath of the manufacturer, and this was but another term for the multiplication of perjuries. The tax would therefore injure the morals of the people.

Mr. Findley.—Ruin and depravity have always attended excise. It has been one of the principal sources of the corruption of Britain. The same effects must follow in America. He objected to the mode of taxation; and, besides, the tax is partial. It falls on the poor in cities. In the country nobody will pay it.

Mr. Sedgwick would vote against the tax if he thought it was contagious for public morality. But human nature has always been very corrupted without the aid of excise laws. The State which he represents has been excised for two generations, and yet no bad consequence has arisen to the morals of the people. As to the corruption of Britain, described by the member who spoke last, he admitted that the account was just, but this was not to be traced to excise laws. They had been the subject of much clamor, but what, in fact, was their history? A profligate opposition rail at all the measures of a minister, whether they be good or bad, and an excise act is often one of them. In the course of political changes these men get into place. But they do not attempt to take off the taxes against which they declaimed. In the meantime the new ex-minister harangues against the very taxes of which he was the author. As to this law being a source of perjury, oaths are necessary in imposts of all sorts. Why, then, object to them in this particular instance? Is an excise oath worse than a custom-house oath? There is often no other method of getting at truth. If we desert this way of raising revenue, what are we to do? Taxes cannot be imposed on personal income with any sort of justice, because the actual degree of a person's wealth does not depend on the nominal amount of his income. One man has a thousand dollars a year, but such may be his situation that the taxing him in so small a sum as ten dollars may be distressing. Others, again, with only five hundred dollars per annum, are, perhaps, in much more easy circumstances than the former, upon whom the tax of personal revenue would press with superior weight. Direct taxes Mr. Sedgwick regarded as of an improper nature. But, with regard to snuff

and tobacco, nobody can ever feel the burden of a trifling tax upon them.

Mr. Smilie considered this measure as pregnant with serious consequences. He was opposed to every system of excise, because such systems had always produced mischief. If this were a despotic country, he could see a good reason for an excise system of revenue, because it was proper, in that case, to debase, by every possible expedient, the minds of the people, that their feelings might sink to a level with the meanness of their condition. But in a republic taxes should be of a different nature and operate with a different tendency.

Mr. Ames had a better opinion of government than the gentleman who spoke last. He did not think excise a mark of despotism. He did not think the people stocks and stones, or their rulers knaves and fools. The member had spoken of the citizens of this country, as if to rouse their attention it was requisite to keep a flapper, like that of Gulliver, at their ears.

As to the resolution upon the table, is there any comparison between a snuff tax and a land tax? Land is the great *substratum* of American prosperity. Difficulties had been started as to the *collection* of excise; an oppressive law was a bad thing, but resistance was worse. Can any man think that a land tax does not open a much greater door to imposition than a tax on tobacco? In what way is a land tax to be laid that can avoid inequality and injustice? Are we to tax the public funds, that last and most desperate resource of national distress, and then to be told that we dare not impose a duty on snuff and tobacco?

Mr. S. Smith considered the observations of the member who had just sat down as amusing and ingenious, but they were not satisfactory. To him it seemed a very odd scheme to crush American manufactures in the bud. Men of capital and enterprise advanced large sums of money in erecting snuff mills. After long exertions they began to reap the reward of their expenses and their labor. At that critical moment the Government souses down upon them with an excise, which ends not in revenue, but extirpation.

Mr. Nicholas.—We are going on exactly in the steps of Britain, of which this excise is one instance. That country once had a revolutionary spirit. How sunk are they now? Not one-tenth part of them dare to say that they are against the war with France, which is sweeping them with velocity over the precipice of ruin. What has degraded and annihilated the spirit of Britain? Public debts, taxes, and officers of

excise. One-half of the nation has been loaded with the plunder of the rest. It is too much the American character to bear as right what does not immediately hurt. It is a duty to keep the citizens alive to the operations of Government. It is somewhat strange to blame this attempt when there is such an alarming indifference on the subject. As to this tax, it will put an end to the consumption of manufactured tobacco. Planters will make it ready for themselves. They can do so with very great ease by a method in the process of curing it. Mr. Nicholas was therefore against the resolution.

Mr. Madison.—Tobacco excise was a burden the *most unequal*. It fell upon the poor, upon sailors, day-laborers, and other people of these classes, while the rich will often escape it. Much had been said about the taxing of luxury. The pleasures of life consisted in a series of innocent gratifications, and he felt no satisfaction in the prospect of their being squeezed. Sumptuary laws had never, he believed, answered any good purpose. Something had been said about the difference between direct personal taxes and those raised by indirect means, such as excise and customs. He quoted an author of respectable character in England, who estimated the expense of uplifting [collecting] *direct* taxes in that country, such as the land tax, at 3 per cent., and that of uplifting *indirect* taxes, such as those of excise and customs, upon the whole, at 30 per cent.

Excise had at first been resorted to upon a few manufactures. The dealers indemnify themselves at the expense of their customers. At the same time they endeavored to evade the duties, and thus there commences a struggle which has many bad effects, both upon industry and public morals. In Europe, when tobacco is excised, the Government forbids it from being planted. [Some years ago the British farmers were obliged, by an act of Parliament, to pull up and burn their tobacco before it was full grown.] No such measure, he hoped, would be adopted here, but it was hard to say where the subject might, one day, end. Statesmen, in general, do not study the liberty, the virtue, or the comforts of the people, but merely to collect as much revenue as they can. Taxes are not, for the most part, the work of patriotism. An excise established in America would discourage the emigrations from Europe that might, at this time, be so much expected. He was determined to vote against the resolution.

Mr. Smilie.—An excise, in its very outset, is a violation of the rights of freemen, independent of the extent to which

it might or might not be carried and, whether it oppressed the manufacturer, or did not oppress him, by making his house liable to be searched at all hours it violated the natural sanctuary of domestic life. It creates a number of artificial crimes; an additional code of laws must be invented in order to punish them, and this punishment cannot be inflicted without the ruin of American citizens, or neglected without the ruin of American excise revenues. What mischiefs have not excise laws produced in England? It has been found necessary to form a new set of laws in which the British subjects have lost the protection of a trial by jury.

Mr. W. L. Smith observed that, if objections were to be made to every tax, and every sum of duty was to be left blank, what was the occasion for appointing a select Committee of Ways and Means? One gentleman insisted upon striking out this resolution; another on striking out that resolution till in short they would leave nothing at all. This proceeding reminded him of a story in the fables of Phœdrus. A man whose head was covered with black and gray hairs had two female friends. One of them, who desired that he should have a youthful appearance, carefully pulled out some of his gray hairs as often as he paid her a visit. The other lady, who wanted him to look like an old man, was industrious in pulling out the black hairs. Between their joint endeavors he became bald. Thus, by the time that every gentleman has done with plucking, we shall have nothing of the report left.

The original bill contemplated a direct tax of $750,000 apportioned among the States by population. Leading supporters of this measure were Thomas Scott and Theodore Sedgwick, and leading opponents were William Lyman and Samuel Dexter. It was negatived.

Direct Taxation [Land Tax]

House of Representatives, May 5-9, 1794

Mr. Lyman moved to strike out the resolution because it contemplated a *land tax*. Owing to the variation of the tenure of lands in the different States, in some States the lands were pretty well distributed, and held in small parcels by those who cultivated them, and in other States they were held in larger quantities and cultivated in a different way. A tax on them,

therefore, which, in the one case might be considered unacceptable, would probably be less so in the other. However, speculative opinions in questions of this sort were but a feeble opposition to fact and experiment. In this country some of the States at least have made the experiment. It had proved oppressive, excited discontents, and even convulsed the Government. The experience of other countries did not furnish much more favorable arguments. In the Republic of Rome they never had a land tax. It had its odious origin under the tyranny of the emperors. In France they have no land tax. This, in that country, he was sensible, was complained of, but it must have been because the lands were held by the nobility, to whom it proved an exemption from the burdens of society, and from that cause the exemption was disagreeable to the people; but, had the lands been of a different tenure, there would have been no such complaint. How stood the case in England, a country where every species of taxation was carried to its utmost stretch? Their land tax was a mere trifle compared with their other impositions, and, trifling as it was, they embraced every occasion, when not pressed by particular exigencies, requiring the utmost exertions, to lessen it from an apprehension of exciting uneasiness and tumult. Indeed he did not know but it might there be deemed a modified relic of their former slavish tenures. Under these impressions, and the consideration of the expense of collecting a tax of this sort, he hoped it would not now be resorted to.

Mr. Scott was firmly persuaded that, in the exigencies of a nation, all sorts of property should be taxed because all sorts of property required to be defended. He was quite satisfied that all property should defend itself—that is, should pay for its own defence. He would cheerfully submit his own property to a general tax, were it even to half its value, if such an impost were necessary for the independence of America.

Mr. Sedgwick, after commenting on the opinion of certain political economists, who held that all taxes ultimately fell upon land, and, therefore, that those which were imposed on it were direct, and all those imposed on any other subject indirect, proceeded to state his own opinion.

He said that, in forming a Constitution for a National Government, to which were intrusted the preservation of that Government and the existence of society itself, it was reasonable to suppose that every means necessary to those important ends should be granted. This was, in fact, the case in the Constitution of the United States. To Congress it was expressly granted

to impose taxes, duties, imposts, and excises. It had been universally concluded, and never, to his knowledge, denied, but that the legislature, by those comprehensive words, had authority to impose taxes on every subject of revenue. If this position be just, a construction which limited their operation of this power (in its nature and by the Constitution illimitable) could not be the just construction.

He observed that, to obviate certain mischiefs, the Constitution had provided that capitation and other direct taxes should be apportioned according to the ratio prescribed in it. If, then, the legislature be authorized to impose a tax on every subject of revenue (and surely pleasure carriages, as objects of luxury, and, in general, owned by those to whom contributions would not be inconvenient, were fair and proper subjects of taxation), and a tax on them could not be apportioned by the constitutional ratio, it would follow irresistibly that such a tax, in this sense of the Constitution, is not "direct." On this idea he enlarged his reasoning, and showed that such a tax was incapable of apportionment.

He said that, so far as he had been able to form an opinion, there had been a general concurrence in a belief that the ultimate sources of public contributions were labor, and the subjects and effects of labor. That taxes, being permanent, had a tendency to equalize and to diffuse themselves through a community. According to these opinions, a capitation tax and taxes on land, and on property and income generally, were direct charges, as well in the immediate as ultimate sources of contribution. He had considered those, and those only, as direct taxes in their operation and effects. On the other hand, a tax imposed on a specific article of personal property, and particularly if objects of luxury, as in the case under consideration, he had never supposed had been considered a direct tax, within the meaning of the Constitution. The exaction was indeed directly of the owner, but, by the equalizing operation, of which all taxes more or less partook, it created an indirect charge on others besides the owners.

He said it would astonish the people of America to be informed that they had made a Constitution by which pleasure carriages and other objects of luxury were excepted from contributing to the public exigencies, which was undoubtedly the case if the reasoning of gentlemen who opposed the resolution was well founded. If the imposition of a duty on pleasure carriages was a direct tax, it must then be apportioned, but, as several of the States had few or no carriages, no such apportionment could be made, and the duty of course could not be imposed. Such a construction was inadmissible, because it would exempt, in times of the greatest distress, the fairest objects of contribution from the imposition of any burden. If there was doubt, we certainly ought not to incline to that side which, at the same time it might compel the legislature to impose grievous burdens on the poorest and most laborious part of the community, shall exempt the affluent from contributing for their objects of distinguishing enjoyments. This seemed not to carry into effect that doctrine of equality of which gentlemen said so much.

Mr. Dexter said a land tax was a tax on the laborious poor. If every acre is to pay the same tax, it must prove very unequal, as poor men generally live on the poorest lands, and must pay oppressive taxes. If the lands are to be valued, the delay and expense must be enormous. Lands increase in value very unequally in different places, and the proportion will be forever altering. He had been told that two thousand persons had once been concerned in apportioning and collecting the land tax of Pennsylvania. He thought that, if any mode of taxation be permanent, it will soon be equal. The most unequal imposition will, like a fluid, soon diffuse itself equally through all the proper and natural subjects of taxation. Mr. Dexter thought, also, that direct taxation ought not to be pursued by the general Government, except in time of war, because it is the only source of revenue for the support of State governments and payment of State debts.

The revenue act was repealed in 1801, owing to the advent to power of the Democratic party, whose principles were opposed to all forms of internal taxation. But, during the War of 1812 the urgent need of additional revenue made it necessary to resume the former system.

CHAPTER II

The Tariff of 1816

[protection or revenue?]

Revenue Measures at the Close of the War of 1812—Protective Tariff Bill Is Introduced in the House—Debate: in Favor, John C. Calhoun [S. C.], Henry Clay [Ky.], Thomas R. Gold [N. Y.]; Opposed, John Ross [Pa.], Robert Wright [Md.], Thomas Telfair [Ga.], John Randolph [Va.]; Daniel Webster [N. H.] Compromising—Bill Passes Both Houses and Is Approved by the President.

At the close of the War of 1812 the finances of the country were in such a deplorable condition that it was found necessary to continue several of the special taxes which had been laid during the war and were about to expire.

On April 19, 1816, President James Madison approved an act replacing the existing excise duties with licenses on stills and their output, which method still forms the basis of the system of collecting internal revenue.

The revenue bill which created the most discussion was a new tariff laid on manufactures of almost every description, with *ad valorem* duties on some articles and specific duties on others. This bill was proposed as the result of a report of the Congressional Committee on Trade and Manufactures. In this report, which was drafted by John C. Calhoun [S. C.], a protective tariff was strongly advocated. It is interesting to note that Calhoun, who was later to oppose protection to the verge of leading his State out of the Union, was at this time not only a protectionist but an ardent Unionist. The committee, in its report, said as follows:

Protection and Union

John C. Calhoun, M. C.

The inducements to industry in a free government are numerous and inviting. Effects are always in unison with their causes. The inducements consist in the certainty and security which every citizen enjoys of exercising exclusive dominion over the creations of his genius, and the products of his labor; in procuring from his native soil, at all times, with facility, the raw materials that are required, and in the liberal encouragement that will be accorded by agriculturists to those who, by their labor, keep up a constant and increasing demand for the produce of agriculture.

Every State will participate in those advantages. The resources of each will be explored, opened, and enlarged. Different sections of the nation will, according to their position, the climate, the population, the habits of the people, and the nature of the soil, strike into that line of industry which is best adapted to their interest and the good of the whole; an active and free intercourse, promoted and facilitated by roads and canals, will ensue; prejudices, which are generated by distance, and the want of inducements to approach each other and reciprocate benefits, will be removed; information will be extended; the Union will acquire strength and solidity, and the Constitution of the United States, and that of each State, will be regarded as fountains from which flow numerous streams of public and private prosperity.

Our wants being supplied by our own ingenuity and industry, exportation of specie, to pay for foreign manufactures, will cease. The value of American produce, at this time exported, will not enable the importers to pay for the foreign manufacture imported. Whenever the two accounts shall be fairly stated, the balance against the United States will be found many millions of dollars. Such is the state of things that the change must be to the advantage of the United States. The precious metals will be attracted to them; the diffusion of which, in a regular and uniform current, through the great arteries and veins of the body politic, will give to each member health and vigor.

In proportion as the commerce of the United States depends on agriculture and manufactures as a common basis, will it increase and become independent of those revolutions and fluctuations, which the ambition and jealousy of foreign govern-

ments are too apt to produce. Our navigation will be quickened, and, supported as it will be by internal resources never before at the command of any nation, will advance to the extent of those resources.

The manufacturers of cotton, in making application to the National Government for encouragement, have been induced to do so for many reasons. They know that their establishments are new and in their infancy, and that they have to encounter a competition with foreign establishments, that have arrived at maturity, that are supported by a large capital, and that have from the Government every protection that can be required. The foreign manufacturers and merchants will put in requisition all the powers of ingenuity; will practice whatever art can devise, and capital can accomplish, to prevent the American manufacturing establishments from taking root and flourishing in their rich and native soil. By the allowance of bounties and drawbacks, the foreign manufacturers and merchants will be furnished with additional means of carrying on the conflict, and of insuring success.

Should the National Government not afford the American manufacturers protection, the dangers which invest and threaten them will destroy all their hopes, and will close their prospects of utility to their country. A reasonable encouragement will sustain and keep them erect, but if they fall, they fall never to rise again, since their mouldering piles—the visible ruins of a legislative breath—will warn all who shall tread in the same footsteps of the doom, the inevitable destiny, of their establishments.

But, should the National Government, pursuing an enlightened and liberal policy, sustain and foster the manufacturing establishments, a few years would place them in a condition to bid defiance to foreign competition, and would enable them to increase the industry, wealth, and prosperity of the nation; and to afford to the Government, in times of difficulty and distress, whatever it may require to support public credit, while maintaining the rights of the nation.

The bill was laid before the House of Representatives by Albert Gallatin [Pa.], Secretary of the Treasury, on February 13, 1816, and referred to the Committee on Ways and Means. On March 23 Mr. Calhoun, of the committee, laid the bill before the House. It was debated until April 8, when it was passed by a vote of 88 to 54.

The schedules that were chiefly objected to were the woolen and cotton manufactures, upon which a duty of twenty-five per cent. *ad valorem* was laid. It was the evident design in these schedules, and, indeed, though in a minor degree, in all the schedules, to "protect" domestic manufacturing industries that had arisen during the war, and which, upon its cessation, had been forced to reduce their prices by competing with foreign industries, chiefly English (including East Indian manufactures of cotton).

Leading speakers in favor of the principle of protection in the bill were Mr. Calhoun, Henry Clay [Ky.], and Thomas R. Gold [N. Y.]. Those speakers who were in favor of a tariff mainly for revenue were John Ross [Pa.], Robert Wright [Md.], Thomas Telfair [Ga.], and John Randolph [Va.]. Daniel Webster [N. H.] supported the protective principle under the special circumstances of the case. He did not vote on the final passage of the bill.

The bill passed the Senate on April 19 by a vote of 25 to 7, and was approved by the President on April 27.

Protection or Revenue?

House of Representatives, March 23-April 8, 1816

Mr. Webster proposed a stated graduated reduction upon the duties. He said that he was not prepared to say that the Government was bound to adopt a permanent protection, or one which would exclude those goods already in the country. From the course pursued by the Government for some years back, the community had a right to expect relief from the danger to which the sudden change of circumstances exposed our manufactures, but Government had a right to say whether that relief should be permanent or not, and to reduce the protecting duties if it thought proper.

Mr. Calhoun hoped the amendment proposed by Mr. Webster would not prevail. He believed the policy of the country required protection to our manufacturing establishments.

Mr. Clay said the object of protecting manufactures was that we might eventually get articles of necessity made as cheap at home as they could be imported, and thereby to pro-

duce an independence of foreign countries. In three years, he said, we could judge of the ability of our establishments to furnish those articles as cheap as they were obtained from abroad, and could then legislate with the lights of experience. He believed that three years would be sufficient to place our manufacturers on this desirable footing, and others would not hesitate to enter into the business, because they would look to that liberal and enlarged policy which they might anticipate from the Government at a future period.

Mr. Ross desired the independence of the people as well as national independence, and wished not to see one class of the community enslaved by another. If the extravagant duties proposed were not necessary for revenue, he could see no strong necessity for them. The failure of certain manufacturers was no reason for them, because some individuals of all professions were unfortunate in the best times, and no sympathy was felt for the merchants who failed. Adverting to a remark that some manufactories were worked in Kentucky by slaves, Mr. Ross said all manufactories were conducted with slaves, because the occupation had a tendency to degrade and debase the human mind. It was, he argued, a vain attempt to carry manufactures to such extent in this country, while there were so many inducements to seek an independent support by agriculture, and other beneficial pursuits. The only kind of manufactures he wished to see flourish were those conducted in families; any other would prove destructive to the liberties of this Republic, by combinations effecting a revolution in this House and in the Government.

Mr. Webster's amendment was agreed to by a large majority.

When the schedules of cotton and woolen goods were reached Mr. Wright moved to exclude from voting all members concerned in their manufacture, but, upon the earnest protest of his colleague, Mr. Smith, withdrew the motion.

Mr. Telfair spoke as follows: On the subject of impost I hold it a sound general rule that no other or higher duties should be laid than are both necessary and proper for the purposes of revenue. To attempt more necessarily increases the inducements to smuggling; and if the encouragement of manufactures be the object, it is, in effect, to plunge on the

wide ocean of uncertainty, guided by factitious lights, emanating from the selfishness alone of those who tender them, and which never can be relied upon for the purposes of wise legislation.

I will not deny but that, in the imposition of duties for the purposes of revenue, it is wise so to select your objects that, while the original intent is secured, the interest of the manufacturer may be regarded as an incidental consideration. But what is the character of the measure before you? Instead of contemplating the protection and encouragement of manufactures as secondary or collateral, it refers to them as the primary and essential cause of legislation; instead of the benefits flowing to them being considered merely as some alleviation of burdens, made necessary by the wants of the Government, their encouragement has, in the whole course of the discussion, been placed in the foreground, and admitted to be the principal object for which so enormous a tax is laid upon the people of this country—a tax, the proceeds of which, so far as it means protection, are never to enter the coffers of the nation, but, by a species of magic, are to be transferred from the hands of the consumer into those of the manufacturer—paid by the people indeed, but not for the purposes of Government.

The support of this bill rests upon two considerations. First, it is urged that the course of measures pursued by Government for some time previous to, as well as during, the war had the tendency of a pledge of support. To what an infinite order of pledges would such a system give rise? A change from peace to war necessarily injures the immediate interests of commerce and agriculture; a return of peace alike injures those institutions which grow up amid the circumstances of war. Is the nation, after all these changes and effects, to hold itself as bound to compensate the losses of those who may have suffered? I presume this will not be urged. But I may be told that the manufacturing class constitutes so small a portion of the community that, while public policy requires it, they may be sustained by less injury to the others and less expense to the Government, and therefore they should be upheld. Sir, I deem it unsafe to legislate for particular interests. Did not the interest of the merchant and the planter suffer under those very causes which cherished the manufacturer? While the latter was accumulating wealth, were not the former consuming their capital? And, because they now begin to derive a profit, is it wise and just in us to rob them of it by increasing the expenses of articles of consumption, merely to contribute

such a bounty to the manufacturer as will enable him to derive something like his accustomed profits?

In your munificence, you are about to allow, by way of bounty, five per cent. more than is required for revenue upon cottons and woolens, which is as much as the duties during the war, and one hundred per cent. more than those prior to the war. In words you are called upon for protection, but what are the ideas involved in this phrase? Why, that the planter of this country, who consumes the article manufactured, shall be made to pay the difference between the wages of labor in the factory and field, together with the difference of profit which superior skill in the foreign manufacturer gives over the manufacturer of this country. In one word, all articles are made dear to the consumer, whether of foreign or domestic fabrication, merely that the manufacturer may derive a profit upon his capital.

The second consideration, and that which is most relied on, arises from the policy of other nations, and promises a more permanent security to the independence of this people. Imposing, indeed, is such a ground of argument; and, if the independence of this nation either required or could be guaranteed by this bill, abhorrent indeed would be all opposition to it; but, believing, as I do, that the liberties of this people, and the independence of this Government, rest on a basis too firmly laid in their very genius and nature to require such protection, for one I will not consent to adopt the measure proposed. After having advanced in prosperity and improvement far beyond the march of any other nation on the globe, in the same period of time, you are now called upon to reject the admonitions of experience, and adopt a part of the very policy which, with reference to the people of Europe, is congenial, because it denotes the absence of all ideas of self-government. You are about to abjure that principle which was peculiarly your own, and the offspring of freedom, of leaving industry free to its own pursuit and regulation, and to assume to yourself the capacity and right of judging and dictating that labor which is wisest and best for the people of this country. The extent of territory, the exuberance of our soil, the genius of our people, the principles of our political institutions, have in their combination decreed, as by a law of nature, that, for years to come, the citizens of America shall obtain their subsistence by agriculture and commerce. And we, in our wisdom, would fain issue a counter order, to withdraw industry from its natural and accustomed channels, and by our laws, force into

a state of prematurity the manufacturing enterprise of this country. But we are told it would be idle, weak, and absurd in us, while all the powers of Europe are devising plans for the encouragement of manufactures, to let them stagnate for want of national aid. To this I answer that, such are the profits and enjoyments flowing from labor in the ordinary pursuits of life with us, you cannot draw off the citizen and tempt him to a new and less active pursuit, without robbing from the national wealth a considerable portion which is thrown in to make up his profits. Is not, then, the productive labor of the country thereby diminished? Has not a great portion of it been thrown away, unless some great benefit is derived from this new direction of industry? And is the policy of other governments to be urged as sufficient justification? It must be borne in mind that the circumstances of our country are totally different from those of Europe; there, a crowded population causes it to be an object of real national importance to discover means of employment for the many hands which would otherwise encumber society. With us, however, the case is widely different. Here, every hand would find ample employment in tilling the earth; and the calls of society are sufficient, without bounty, to give occupation to such as prefer other employments to those of agriculture. And every occupation which requires the aid of bounty contains within itself a proof that it is not productive of national wealth, though it may be of national glory. I must protest against the habit of resorting to the regulations of other governments, as rules by which to quadrate our own. Because the governments of the Old World have resorted to this mode of facilitating the collection of taxes by creating protuberances upon the body politic, are we to be influenced by their examples? Because monopolies have for ages become familiarized to them, are we to disregard the evidence in favor of an unshackled pursuit of our own interest, and, in despite of the warning voice of these very nations, which attests the ruinous effects of such a policy upon every principle held sacred by the friends of freedom, are we to give aid to a favorite class of the community by a tax upon the rest? Like the State banks, sir, these manufactures grew up while a state of war gave a feverish heat to our political atmosphere, because the temporary wants of the people and the Government, and the sluggish state of trade, required them. The return of peace has diminished the demand for the paper of the one and the fabrics of the other; they may both be said to have depreciated in their

relative value. The depreciation of bank paper, it is to be hoped, will be arrested in its progress, the combination of these moneyed monopolists broken as to all capacity for harm by the establishment of a bank, governed in part by ourselves, and by other ulterior measures in contemplation. But, when the different manufacturing States may have deemed it wise to follow the example of Great Britain, and incorporate the different manufacturing establishments, grant them exclusive privileges, prop them by by-laws, and regard them as favorites, how, I ask, are you to control the mighty combination to which such a policy would give rise, for they can concert as well as the State banks? Will you, in such event, open the floodgates and let in the ocean of foreign goods threatening to overwhelm them? Certainly not, and yet this would be the only corrective left you.

Sir, while these establishments grow as other branches of industry have done, I shall feel for them no hostility; on the contrary, my preference would be given to articles manufactured by them, but their interest once identified with that of the Government, and I do fear them.

It has been remarked that the arts flourish in the society of each other; not so, however, in their infancy, while both are attempted to be encouraged at the same time, do the manufactures and the navy spring up. For all the protection given to the former is a deduction from the support of the latter.

Mr. Gold.—It is not, Mr. Speaker, a distinct class of manufacturers who have petitioned Congress for relief, but almost all classes, and principally the farmers, have embarked in the manufacture of woolen and cotton, and now pray at your hands the protection of their interests, put in so great jeopardy. It is proper, I should state, after the example of some who have preceded me in debate, that I too have a concern in those manufactures.

Arkwright's machinery has produced a revolution in the manufacture of cotton; the invention is so excellent, the effect in saving labor so immense, that five or six men are sufficient for the management of a factory of two thousand spindles, spinning one hundred thousand pounds of twist or yarn yearly; the other hands are mere children, whose labor is of little use in any other branch of industry. The nation which does not avail itself of this machinery, and pays another nation for fabrics produced by it, sacrifices the entire value of the labor saved by the machinery. It is a maxim of political economy, laid down by Sir James Stewart, that "a nation ought to

restrain, by duty on importation, that which may be produced at home, and to manufacture as much as possible of the raw material."

The same writer says that a *new manufacture* cannot be established without encouragement, without restraint on importation; old establishments in possession of the ground, in possession of capital (a most important consideration), in possession of extended machinery, with all the fruits of experience in skill and economy, actuated by a *jealousy* against rival establishments, rising into competition, which never sleeps, never did cease, in any age or country, to exert their undivided force upon these rival establishments, and for a time to make sacrifices in the sale of their goods. The Government itself not unfrequently lends itself, by bounties on exports, to such unhallowed designs upon the manufactures of other nations; where these nations have, as is the case of the United States, been long the great customers and consumers of the fabrics of such government.

Now agriculture is certainly the great and favorite theater of industry in the United States, and, so long as our surplus products can find a good foreign market, it should be the first object. But, how is this fact? With the exception of a period of war, no such market is found, and the grain of our country raised beyond consumption must rot in the granary. Lord Sheffield, in his "American Commerce," states that there never was a good market for American flour and wheat for more than three or four years. Though Europe is not recovered from the shock of war, yet Great Britain is now giving a bounty on the export of grain. Where can the United States now look for a market for her grain equal to that at home?

No friend of his country can look at the enormous importation of goods into the United States, the past year, without concern. The British accounts give thirty millions sterling (above one hundred and thirty millions of dollars) as the amount of her export of goods to the United States, while our whole export to Great Britain is twenty-one millions only. Is it possible to see such a course of trade in any other light than as most ruinous to the country? "If the balance of trade be against a nation, it is her interest to put a stop to it," is the language of Sir James Stewart.

It is further objected that our manufacturers will extort extravagant prices, and the prices during the last year are referred to in support of the objection. Is this charge against manufacturers just? Does not every member of this com-

mittee know that the charge applies equally against all classes during the late war? Instead of concert to raise prices, competition and the spirit of underselling prevail to such an extent that sales are often made without a profit.

Justice to different portions of the Union, and the harmony of the whole, require the encouragement of manufactures.

While the South has, from the export of her cotton and tobacco alone, received about thirty millions the last year, the Northern and Middle States, having no such great staples, must of necessity turn their attention to manufacturing, or become greatly impoverished, to the injury of the whole. The relinquishment of the port duties by the Northern and Middle States, to the amount of nearly three-fourths of the customs, by the adoption of the Constitution, creates an equitable claim to such an adjustment of the duties as shall favor and protect the interests of those States.

MR. RANDOLPH made some general remarks on the inconsistency of the proposed policy with that formerly pursued on the subject of commerce. He declared his unwillingness to sacrifice the *bona fide* American merchants to what he called the mushroom interest which had sprung into favor; and argued, at some length, and with some invective, against the object of the bill, which he characterized as a scheme of public robbery.

MR. CALHOUN.—Neither agriculture, manufactures, nor commerce, taken separately, is the cause of wealth; it flows from the three combined, and cannot exist without each. The wealth of any single nation, or any individual, it is true, may not immediately depend on the three, but such wealth always presupposes their existence. Without commerce, industry would have no stimulus; without manufactures, it would be without the means of production; and without agriculture neither of the others can subsist. When separated entirely and permanently, they perish. War in this country produces, to a great extent, that effect; and hence the great embarrassments which follow in its train. The failure of the wealth and resources of the nation necessarily involved the ruin of its finances and its currency. It is admitted, by the most strenuous advocates on the other side that no country ought to be dependent on another for its means of defence; that, at least, our musket and bayonet, our cannon and ball, ought to be of domestic manufacture. But what, he asked, is more necessary to the defence of a country than its currency and finance? Circumstanced as our country is, can these stand the shock of war? Behold the

effect of the late war on them! When our manufactures are grown to a certain perfection, as they soon will under the fostering care of Government, we will no longer experience these evils. The farmer will find a ready market for his surplus produce, and, what is almost of equal consequence, a certain and cheap supply of all his wants. His prosperity will diffuse itself to every class in the community, and, instead of that languor of industry, and individual distress now incident to a state of war, and suspended commerce, the wealth and vigor of the community will not be materially impaired. The arm of Government will be nerved, and taxes in the hour of danger, when essential to the independence of the nation, may be greatly increased; loans, so uncertain and hazardous, may be less relied on; thus situated, the storm may beat without, but within all will be quiet and safe. There are two ways by which the people can be placed beyond the power of a foreign war materially to impair.

It is certainly a great political evil, incident to the character of the industry of this country, that, however prosperous our situation when at peace, with uninterrupted commerce, and nothing then could exceed it, the moment that we were involved in war the whole is reversed. When resources are most needed; when indispensable to maintain the honor, yes, the very existence of the nation, then they desert us. Our currency is also sure to experience the shock, and becomes so deranged as to prevent us from calling out fairly whatever of means is left to the country. The result of a war in the present state of our naval power is the blockade of our seacoast, and consequent destruction of our trade. The wants and habits of the country, founded on the use of foreign articles, must be gratified; importation to a certain extent continues, through the policy of the enemy, or unlawful traffic; the exportation of our bulky articles is prevented, too; the specie of the country is drawn to pay the balance perpetually accumulating against us; and the final result is a total derangement of our currency.

To this distressing state of things there are two remedies, and only two; one in our power immediately, the other requiring much time and exertion, but both constituting the essential policy of this country; he meant the navy, and domestic manufactures. By the former, we could open the way to our markets; by the latter, we bring them from beyond the ocean, and naturalize them. Had we the means of attaining an immediate naval ascendency, he acknowledged that the policy recommended by this bill would be very questionable, but as this is not

the fact—as it is a period remote, with any exertion, and will be probably more so, from that relaxation of exertion, so natural in peace, when necessity is not felt, it became the duty of this House to resort, to a considerable extent, at least as far as is proposed, to the only remaining remedy. But to this it has been objected that the country is not prepared, and that the result of our premature exertion would be to bring distress on it, without effecting the intended object. Were it so, however urgent the reasons in its favor, we ought to desist, as it is folly to oppose the laws of necessity. But he could not for a moment yield to the assertion; on the contrary, he firmly believed that the country is prepared, even to maturity, for the introduction of manufactures. We have abundance of resources, and things naturally tend at this moment in that direction. A prosperous commerce has poured an immense amount of commercial capital into this country. This capital has, until lately, found occupation in commerce, but that state of the world which transferred it to this country, and gave it active employment, has passed away, never to return. Where shall we now find full employment for our prodigious amount of tonnage; where markets for the numerous and abundant products of our country? This great body of active capital, which for the moment has found sufficient employment in supplying our markets, exhausted by the war, and measures preceding it, must find a new direction; it will not be idle. What channel can it take but that of manufactures? This, if things continue as they are, will be its direction. It will introduce a new era in our affairs, in many respects highly advantageous, and ought to be countenanced by the Government. Besides, we have already surmounted the greatest difficulty that has ever been found in undertakings of this kind. The cotton and woolen manufactures are not to be introduced—they are already introduced to a great extent; freeing us entirely from the hazards, and, in a great measure, the sacrifices, experienced in giving the capital of the country a new direction. The restrictive measures and the war, though not intended for that purpose, have, by the necessary operation of things, turned a large amount of capital to this new branch of industry. He had often heard it said, both in and out of Congress, that this effect alone would indemnify the country for all of its losses. But it will no doubt be said, if they are so far established, and if the situation of the country is so favorable to their growth, where is the necessity of affording them protection? It is to put them beyond the reach of contingency. Besides,

capital is not yet, and cannot, for some time, be, adjusted to the new state of things. There is, in fact, from the operation of temporary causes, a great pressure on these establishments. They had extended so rapidly during the late war that many, he feared, were without the requisite surplus capital or skill to meet the present crisis. Should such prove to be the fact, it would give a back set, and might, to a great extent, endanger their ultimate success. Should the present owners be ruined, and the workmen dispersed and turn to other pursuits, the country would sustain a great loss. Such would, no doubt, be the fact to a considerable extent, if not protected. Besides, circumstances, if we act with wisdom, are favorable to attract to our country much skill and industry. The country in Europe having the most skilful workmen is broken up. It is to us, if wisely used, more valuable than the repeal of the Edict of Nantz was to England. She had the prudence to profit by it; let us not discover less political sagacity. Afford to ingenuity and industry immediate and ample protection, and they will not fail to give a preference to this free and happy country.

It has been objected to this bill that it will injure our marine, and consequently impair our naval strength. How far it is fairly liable to this charge he was not prepared to say. He hoped and believed it would not, at least to any alarming extent, have that effect immediately, and he firmly believed that its lasting operation would be highly beneficial to our commerce. The trade to the East Indies would certainly be much affected, but it was stated in debate that the whole of that trade employed but six hundred sailors. But whatever might be the loss in this, or other branches of our foreign commerce, he trusted it would be amply compensated in our coasting trade—a branch of navigation wholly in our own hands. It has at all times employed a great amount of tonnage, something more, he believed, than one-third of the whole.

An objection had been made that capital employed in manufacturing produced a greater dependence on the part of the employed than in commerce, navigation, or agriculture. It is certainly an evil, and to be regretted, but he did not think it a decisive objection to the system, especially when it had incidental political advantages which, in his opinion, more than counterpoised it. It produced an interest strictly American, as much so as agriculture, in which it had the decided advantage of commerce or navigation. The country will from this derive much advantage. Again, it is calculated to bind together more closely our widely spread Republic. It will greatly increase

our mutual dependence and intercourse, and will, as a necessary consequence, excite an increased attention to internal improvement—a subject every way so intimately connected with the ultimate attainment of national strength and the perfection of our political institutions. He regarded the fact that it would make the parts adhere more closely; that it would form a new and most powerful cement, as far outweighing any political objections that might be urged against the system. In his opinion the liberty and the union of the country were inseparably united. That as the destruction of the latter would most certainly involve the former, so its maintenance will with equal certainty preserve it. He did not speak lightly. He had often and long revolved it in his mind, and he had critically examined into the causes that destroyed the liberty of other states. There are none that apply to us, or apply with a force to alarm. The basis of our Republic is too broad, and its structure too strong to be shaken by them. Its extension and organization will be found to afford effectual security against their operation, but let it be deeply impressed on the heart of this House and country that, while they guarded against the old, they exposed us to a new and terrible danger—disunion. This single word comprehended almost the sum of our political dangers, and against it we ought to be perpetually guarded.

CHAPTER III

The Tariff of 1824

[the american system]

Protective Tariff Bill Is Introduced in the House—Debate: in Favor, Henry Clay [Ky.]; Opposed, Daniel Webster [Mass.].

THE financial depression in the country continued, and early in 1824 Henry Clay, who had in the meantime formulated a comprehensive policy by joining his favorite projects of a protective tariff and internal improvements—which policy he presumptuously christened the "American System"—instigated the introduction of a bill in the House of Representatives which increased the duties on imports to a point where the former policy of the country to lay a "tariff for revenue with incidental protection" threatened to become the reverse—"a tariff for protection with incidental revenue." Indeed, the average rate of duties under the bill was 37 per cent., whereas, in the tariff of 1816, 25 per cent. had been considered a most liberal protective rate, and had been laid on only a few commodities such as cotton, the home manufacture of which was thought especially desirable.

The measure was debated in the House from February 14 until April 14, 1824, when it was passed by a vote of 105 to 102. In the Senate it commanded a majority of four votes.

From the alignment for and against this bill it was apparent that sectional interests were coming more and more to replace economic theories as a cause for upholding or opposing the protective system. Thus the Senators and Representatives from the importing and agricultural South, with notable exceptions, such as Senator

Andrew Jackson [Tenn.], voted generally against the bill, along with a majority of men from New England, where commercial interest still overbalanced manufacturing; and, on the other hand, most of the Senators and Representatives of the manufacturing Middle States were in favor of the measure, as well as a majority of the men of the growing West, who had visions of great manufacturing development in the region, and to whom the bill offered further inducements in the form of heavy duties on their sectional products, such as wool and hemp.

Indeed, this tariff bill was the first in which a design was apparent to secure votes by an appeal to local interests, and in framing which "log-rolling" or bargaining between the sections began to play a part.

The chief of the many speakers upon the bill were Henry Clay [Ky.] and Daniel Webster [Mass.],[1] who discussed in the House of Representatives the general principles of a tariff primarily for protection *versus* a tariff primarily for revenue, Clay advocating the former and Webster the latter, and each claiming that he was presenting the policy for which America by nature and institutions was peculiarly adapted.

The American System

House of Representatives, March 31-April 2, 1824

Mr. Clay.—Two classes of politicians divide the people of the United States. According to the system of one, the produce of foreign industry should be subjected to no other impost than such as may be necessary to provide a public revenue, and the produce of American industry should be left to sustain itself, if it can, with no other than that incidental protection, in its competition, at home as well as abroad, with rival foreign articles. According to the system of the other class, while they agree that the imposts should be mainly, and may, under any modifications, be safely, relied on as a fit and convenient

[1] In August, 1816, Webster removed from Portsmouth, N. H., to Boston, Mass., and on the expiration of his second term in Congress [March 4, 1817], devoted himself to the practice of law. In 1822 he was returned to Congress from Boston.

source of public revenue, they would so adjust and arrange the duties on foreign fabrics as to afford a gradual but adequate protection to American industry, and lessen our dependence on foreign nations, by securing a certain and, ultimately, a cheaper and better supply of our own wants from our own abundant resources. Both classes are equally sincere in their respective opinions, equally honest, equally patriotic, and desirous of advancing the prosperity of the country. In the discussion and consideration of these opposite opinions, for the purpose of ascertaining which has the support of truth and reason, we should, therefore, exercise every indulgence, and the greatest spirit of mutual moderation and forbearance. And, in our deliberations on this great question, we should look fearlessly and truly at the actual condition of the country, retrace the causes which have brought us into it, and snatch, if possible, a view of the future. We should, above all, consult experience—the experience of other nations as well as our own, as our truest and most unerring guide.

In casting our eyes around us, the most prominent circumstance which fixes our attention, and challenges our deepest regret, is the general distress which pervades the whole country. It is forced upon us by numerous facts of the most incontestable character. It is indicated by the diminished exports of native produce, by the depressed and reduced state of our foreign navigation, by our diminished commerce, by successive unthreshed crops of grain, perishing in our barns and barn-yards for the want of a market, by the alarming diminution of the circulating medium, by the numerous bankruptcies, not limited to the trading classes, but extending to all orders of society, by a universal complaint of the want of employment, and a consequent reduction of the wages of labor, by the ravenous pursuit after public situations, not for the sake of their honors, and the performance of their public duties, but as a means of private subsistence, by the reluctant resort to the perilous use of paper money, by the intervention of legislation in the delicate relation between debtor and creditor, and, above all, by the low and depressed state of the value of almost every description of the whole mass of the property of the nation, which has, on an average, sunk not less than about fifty per cent. within a few years. This distress pervades every part of the Union, every class of society; all feel it, though it may be felt, at different places, in different degrees. It is like the atmosphere which surrounds us—all must inhale it, and none can escape it—and in some places it has burst upon our people

without a single mitigating circumstance to temper its severity.

What is the *cause* of this wide-spreading distress, of this deep depression, which we behold stamped on the public countenance? We are the same people. We have the same country. We cannot arraign the bounty of Providence. The shadows still fall in the same grateful abundance. The sun still casts his genial and vivifying influence upon the land, and the land, fertile and diversified in its soils as ever, yields to the industrious cultivator, in boundless profusion, its accustomed fruits, its richest treasures. Our vigor is unimpaired. Our industry is not relaxed.

The causes, then, of our present affliction, whatever they may be, are human causes, and human causes not chargeable upon the people, in their private and individual relations. They are to be found in the fact that, during almost the whole existence of this Government, we have shaped our industry, our navigation, and our commerce in reference to an extraordinary war in Europe, and to foreign markets, which no longer exist; in the fact that we have depended too much upon foreign sources of supply, and excited too little the native; in the fact that, while we have cultivated with assiduous care our foreign resources, we have suffered those at home to wither, in a state of neglect and abandonment. The consequence of the termination of the war of Europe has been the resumption of European commerce, European navigation, and the extension of European agriculture and European industry in all its branches. Europe, therefore, has no longer occasion to any thing like the same extent as that which she had during her wars for American commerce, American navigation, the produce of American industry. Europe in commotion, and convulsed throughout all her members, is to America no longer the same Europe as she is now, tranquil, and watching with the most vigilant attention all her own peculiar interests, without regard to the operation of her policy upon us. The effect of this altered state of Europe upon us has been to circumscribe the employment of our marine, and greatly to reduce the value of the produce of our territorial labor. The further effect of this two-fold reduction has been to decrease the value of all property, whether on the land or on the ocean, which loss I suppose to be about fifty per cent. And the still further effect has been to diminish the amount of our circulating medium, in a proportion not less by its transmission abroad, or its withdrawal by the banking institutions, from a necessity which they could not control. The quantity of money, in whatever form it may

be, which a nation wants is in proportion to the total mass of its wealth, and to the activity of that wealth. A nation that has but little wealth has but a limited want of money. In stating the fact, therefore, that the total wealth of the country has diminished, within a few years, in a ratio of about fifty per cent., we shall at once fully comprehend the inevitable reduction which must have ensued in the total quantity of the circulating medium of the country. A nation is most prosperous when there is a gradual and untempting addition to the aggregate of its circulating medium. It is in a condition the most adverse when there are a rapid diminution in the quantity of the circulating medium and a consequent depression in the value of property. In the former case the wealth of individuals insensibly increases and income keeps ahead of expenditure. But, in the latter instance, debts have been contracted, engagements made, and habits of expense established, in reference to the existing state of wealth and of its representative. When these come to be greatly reduced, individuals find their debts still existing, their engagements unexecuted, and their habits inveterate. They see themselves in the possession of the same property on which, in good faith, they had bound themselves. But that property, without their fault, possesses no longer the same value, and, hence, discontent, impoverishment, and ruin arise.

The greatest want of civilized society is a market for the sale and exchange of the surplus of the produce of the labor of its members. This market may exist at home or abroad, or both, but it must exist somewhere, if society prospers, and wherever it does exist it should be competent to the absorption of the entire surplus of production. It is most desirable that there should be both a home and a foreign market. But with respect to their relative superiority I cannot entertain a doubt. The home market is first in order, and paramount in importance. The object of the bill under consideration is to create this home market, and to lay the foundations of a genuine American policy.

Mr. Chairman, our Confederacy comprehends within its vast limits great diversity of interests—agricultural, planting, farming, commercial, navigating, fishing, manufacturing. No one of these interests is felt in the same degree, and cherished with the same solicitude, through all parts of the Union. Some of them are peculiar to particular sections of our common country. But all these great interests are confided to the protection of one government—to the fate of one ship, and a

most gallant ship it is, with a noble crew. If we prosper, and are happy, protection must be extended to all—it is due to all. It is the great principle on which obedience is demanded from all. If our essential interests cannot find protection from our own Government against the policy of foreign powers, where are they to get it?

Need I remind the committee of the great advantages of a steady and unfailing source of supply, unaffected alike in war and in peace? Its importance, in reference to the stability of our Union, that paramount and greatest of all our interests, cannot fail warmly to recommend it, or at least to conciliate the forbearance of every patriot bosom. Now our people present the spectacle of a vast assemblage of jealous rivals, all eagerly rushing to the seaboard, jostling each other in their way, to hurry off to glutted foreign markets the perishable produce of their labor. The tendency of that policy, in conformity with which this bill is prepared, is to transform these competitors into friends and mutual customers, and, by the reciprocal exchanges of their respective productions, to place the Confederacy upon the most solid of all foundations, the basis of common interest. And is not the Government called upon, by every stimulating motive, to adapt its policy to the actual condition and extended growth of our great Republic? Our policy should be modified so as to comprehend all and sacrifice none. And are we not encouraged by the success of past experience in respect to the only article [cotton] which has been adequately protected? Already have the predictions of the friends of the *American system*, in even a shorter time than their most sanguine hopes could have anticipated, been completely realized in regard to that article, and the consumption is now better and cheaper supplied with coarse cottons than it was under the prevalence of the foreign system.

The benefits of the policy are two-fold, direct and collateral, and in the one shape or the other they will diffuse themselves throughout the Union. All parts of the Union will participate, more or less, in both. As to the direct benefits, it is probable that the North and the East will enjoy the largest share. But the West and the South will also participate in them. And where the direct benefit does not accrue, that will be enjoyed of supplying the raw material and provisions for the consumption of artisans. Is it not most desirable to put at rest and prevent the annual recurrence of this unpleasant subject so well fitted by the various interests to which it appeals to excite irritation and to produce discontent? Can that be effected by

its rejection? Behold the mass of petitions which lie on our table, earnestly and anxiously entreating the protecting interposition of Congress against the ruinous policy which we are pursuing. Will these petitioners, comprehending all orders of society, entire States and communities, public companies, and private individuals, spontaneously assembling, cease in their humble prayers, by your lending a deaf ear? Will you delay the passage of this bill while these petitioners, and others in countless numbers, contemplate their substance gradually withdrawn to foreign countries, their ruin as inevitable as death itself?

Our convictions, mutually honest, are equally strong. What then is to be done? I invoke that saving spirit of mutual concession under which our blessed Constitution was formed, and under which alone it can be happily administered. I appeal to the South—to the high-minded, generous, and patriotic South—with which I have so often coöperated in attempting to sustain the honor and to vindicate the rights of our country. Should it not offer, upon the altar of the public good, some sacrifice of its peculiar opinions? Of what does it complain? A possible temporary enhancement in the objects of consumption. Of what do we complain? A total incapacity, produced by the foreign policy, to purchase, at any price, necessary foreign objects of consumption. In such an alternative, inconvenient only to it, ruinous to us, can we expect too much from Southern magnanimity? The just and confident expectation of the passage of this bill has flooded the country with recent importations of foreign fabrics. If it should not pass, they will complete the work of destruction of our domestic industry. If it should pass, they will prevent any considerable rise in the price of foreign commodities, until our own industry shall be able to supply competent substitutes.

This bill may be postponed, thwarted, defeated. But the cause is the cause of the country, and it must and will prevail. It is founded in the interests and affections of the people. It is as native as the granite deeply embosomed in our mountains. And, in conclusion, I would pray God, in His infinite mercy, to avert from our country the evils which are impending over it, and, by enlightening our councils, to conduct us into that path which leads to riches, to greatness, to glory.

Mr. Webster.—Being intrusted with the interests of a district highly commercial, and deeply interested in manufactures also, I wish to state my opinions on the present measure, not as on a whole, for it has no entire and homogeneous character,

but as on a collection of different enactments, some of which meet my approbation, and some of which do not.

And allow me, sir, in the first place, to state my regret, if, indeed, I ought not to express a warmer sentiment, at the names, or designations, which Mr. Speaker has seen fit to adopt for the purpose of describing the advocates and the opposers of the present bill. It is a question, he says, between the friends of an "American policy" and those of a "foreign policy." This, sir, is an assumption which I take the liberty most directly to deny. Mr. Speaker certainly intended nothing invidious or derogatory to any part of the House by this mode of denominating friends and enemies. But there is power in names, and this manner of distinguishing those who favor and those who oppose particular measures may lead to inferences to which no member of the House can submit. It may imply that there is a more exclusive and peculiar regard to American interests in one class of opinions than in another. Such an implication is to be resisted and repelled. Every member has a right to the presumption that he pursues what he believes to be the interest of his country with as sincere a zeal as any other member. I claim this in my own case, and, while I shall not, for any purpose of description, or convenient arrangement, use terms which may imply any disrespect to other men's opinions, much less any imputation of other men's motives, it is my duty to take care that the use of such terms by others be not, against the will of those who adopt them, made to produce a false impression. Indeed, sir, it is a little astonishing, if it seemed convenient to Mr. Speaker, for the purposes of distinction, to make use of the terms "American policy" and "foreign policy," that he should not have applied them in a manner precisely the reverse of that in which he has in fact used them. If names are thought necessary, it would be well enough, one would think, that the name should be, in some measure, descriptive of the thing, and since Mr. Speaker denominates the policy which he recommends "a new policy in this country"; since he speaks of the present measure as a new era in our legislation; since he professes to invite us to depart from our accustomed course, to instruct ourselves by the wisdom of others, and to adopt the policy of the most distinguished foreign states, one is a little curious to know with what propriety of speech this imitation of other nations is denominated an "American policy," while, on the contrary, a preference for our own established system, as it now actually exists, and always has existed, is called a "foreign policy."

This favorite American policy is what America has never tried, and this odious foreign policy is what, as we are told, foreign states have never pursued. Sir, that is the truest American policy which shall most usefully employ American capital and American labor, and best sustain the whole population. With me it is a fundamental axiom, it is interwoven with all my opinions, that the great interests of the country are united and inseparable; that agriculture, commerce, and manufactures will prosper together, or languish together, and that all legislation is dangerous which proposes to benefit one of these without looking to the consequences which may fall on the others.

Passing from this, sir, I am bound to say I dissent entirely from the justice of that picture of distress which Mr. Speaker has drawn. I have not seen the reality, and know not where it exists. Within my observation there is no cause for so gloomy and terrifying a representation. It is not, indeed, a time for great profits and sudden acquisition; not a day of extraordinary activity and successful speculation. There is, no doubt, a considerable depression of prices, and, in some degree, a stagnation of business. But the case presented by Mr. Speaker was not one of depression, but of distress; of universal, pervading, intense distress, limited to no class, and to no place. We are represented as on the very verge and brink of national ruin. So far from acquiescing in these opinions, I believe there has been no period in which the general prosperity was better secured or rested on a more solid foundation. A country enjoying a profound peace, a perfect civil liberty, with the means of subsistence cheap and abundant, with the reward of labor sure, and its wages higher than anywhere else, cannot be represented in gloom, melancholy, and distress but by the effort of extraordinary powers of tragedy.

I will now proceed, sir, to state some objections which I feel, of a more general nature, to the course of Mr. Speaker's observations.

He seems to me to argue the question as if all domestic industry were confined to the production of manufactured articles; as if the employment of our own capital, and our own labor, in the occupations of commerce and navigation, were not as emphatically domestic industry as any other occupation Some other gentlemen, in the course of the debate, have spoken of the price paid for every foreign manufactured article as so much given for the encouragement of foreign labor, to the prejudice of our own. But is not every such article the product of our own labor as truly as if we had manufactured it our-

selves? Our labor has earned it, and paid the price for it. It is so much added to the stock of national wealth. If the commodity were dollars, nobody would doubt the truth of this remark; and it is precisely as correct in its application to any other commodity as to silver. One man makes a yard of cloth at home; another raises agricultural products, and buys a yard of imported cloth. Both these are equally the earnings of domestic industry, and the only questions that arise in the case are two: the first is, which is the best mode, under all the circumstances, of obtaining the article; the second is, how far this first question is proper to be decided by government, and how far it is proper to be left to individual discretion. There is no foundation for the distinction which attributes to certain employments the peculiar appellation of American industry; and it is, in my judgment, extremely unwise to attempt such discriminations. We are asked what nations have ever attained eminent prosperity without encouraging manufactures? I may ask what nation ever reached the like prosperity without promoting foreign trade? I regard these interests as closely connected, and am of opinion that it should be our aim to cause them to flourish together. I know it would be very easy to promote manufactures, at least for a time, but probably only for a short time, if we might act in disregard of other interests. We could cause a sudden transfer of capital and a violent change in the pursuits of men. We could exceedingly benefit some classes by these means. But what, then, becomes of the interests of others? The power of collecting revenue by duties on imports, and the habit of the Government of collecting almost its whole revenue in that mode, will enable us, without exceeding the bounds of moderation, to give great advantages to those classes of manufactures which we may think most useful to promote at home. What I object to is the immoderate use of the power—exclusions and prohibitions; all of which, as I think, not only interrupt the pursuits of individuals, with great injury to themselves, and little or no benefit to the country, but also often divert our own labor, or, as it may very properly be called, our own domestic industry, from those occupations in which it is well employed, and well paid, to others, in which it will be worse employed, and worse paid. For my part, I see very little relief to those who are likely to be deprived of their employments, or who find the prices of the commodities which they need raised, in any of the alternatives which Mr. Speaker has presented. It is nothing to say that they may, if they choose, continue to buy the foreign article; the answer is, the

price is augmented; nor that they may use the domestic article; the price of that also is increased. Nor can they supply themselves by the substitution of their own fabric. How can the agriculturist make his own iron? How can the ship owner grow his own hemp?

But I have yet a stronger objection to the course of Mr. Speaker's reasoning; I can hardly express the surprise I feel that he should fall into the common modes of expression used elsewhere, and ask if we will give our manufactures no protection. Sir, look to the history of our laws; look to the present state of our laws. Consider that our whole revenue, with a trifling exception, is collected at the custom house, and always has been; and then say what propriety there is in calling on the Government for protection, as if no protection had heretofore been afforded. The real question before us, in regard to all the important clauses of the bill, is not whether we will *lay* duties, but whether we will *augment* duties. The demand is for something more than exists, and yet it is pressed as if nothing existed. We hear of the fatal policy of the tariff of 1816; and yet the law of 1816 was passed avowedly for the benefit of manufacturers, and, with very few exceptions, imposed on imported articles very great additions of tax; in some important instances, indeed, amounting to a prohibition.

On the general question, sir, allow me to ask if the doctrine of prohibition, as a general doctrine, be not preposterous? Suppose all nations to act upon it; they would be prosperous, then, according to the argument, precisely in the proportion in which they abolished intercourse with one another. The less of mutual commerce the better, upon this hypothesis. Protection and encouragement may be, and are, doubtless, sometimes, wise and beneficial, if kept within proper limits; but when carried to an extravagant height, or the point of prohibition, the absurd character of the system manifests itself.

Let me now ask, sir, what relief this bill proposes to some of those great and essential interests of the country, the condition of which has been referred to as proof of national distress; and which condition, although I do not think it makes out a case of distress, yet does indicate depression.

And first, as to our foreign trade. The Speaker has stated that there has been a considerable falling off in the tonnage employed in that trade. This is true, lamentably true. But what do we propose to do for it? Why, simply to burden and to tax it. The shipping interest pays, annually, more than half a million of dollars in duties on articles used in the construction

of ships. We propose to add nearly, or quite, fifty per cent. to this amount, at the very moment that we bring forth the languishing state of this interest as a proof of national distress. Let it be remembered that our shipping employed in foreign commerce has at this moment not the shadow of government protection. It goes abroad upon the wide sea to make its own way, and earn its own bread, in a professed competition with the whole world. This right arm of the nation's safety strengthens its own muscle by its own efforts, and by unwearied exertion in its own defence becomes strong for the defence of the country. We have left this interest hitherto to maintain itself or perish; to swim if it can, and to sink if it cannot. But, at this moment of its apparent struggle, can we, as men, can we, as patriots, add another stone to the weight that threatens to carry it down? Sir, there is a limit to human power and to human effort. Some things are impossible to be done; and some burdens may be impossible to be borne; and, as it was the last ounce that broke the back of the camel, so the last tax, although it were even a small one, may be decisive as to the power of our marine to sustain the conflict in which it is now engaged with all the commercial nations on the globe.

It has been often said, sir, that our manufactures have to contend not only against the natural advantages of those who produce similar articles in foreign countries, but also against the action of foreign governments, who have great political interest in aiding their own manufactures to suppress ours. But have not these governments as great an interest to cripple our marine by preventing the growth of our commerce and navigation? What is it that makes us the object of the highest respect or the most suspicious jealousy to foreign states? I need not say that this results, more than from anything else, from that quantity of military power which we can cause to be water borne, and of that extent of commerce which we are able to maintain throughout the world.

Mr. Chairman, the best apology for laws of prohibition and laws of monopoly will be found in that state of society, not only unenlightened, but sluggish, in which they are most generally established. Private industry in those days required strong provocatives, which governments were seeking to administer by these means. Something was wanted to actuate and stimulate men, and the prospects of such profits as would, in our times, excite unbounded competition would hardly move the sloth of former ages. In some instances, no doubt, these laws produced an effect which, in that period, would not have taken place

without them. But our age is wholly of a different character, and its legislation takes another turn. Society is full of excitement; competition comes in place of monopoly; and intelligence and industry ask only for fair play and an open field. Profits, indeed, in such a state of things, will be small, but they will be extensively diffused; prices will be low, and the great body of the people prosperous and happy. It is worthy of remark that, from the operation of these causes, commercial wealth, while it is increased beyond calculation in its general aggregate, is, at the same time, broken and diminished in its subdivisions. Commercial prosperity should be judged of, therefore, rather from the extent of trade than from the magnitude of its apparent profits. When the diminution of profits arises from the extent of competition it indicates rather a salutary than an injurious change.

Labor is the great producer of wealth; it moves all other causes. If it call machinery to its aid, it is still employed, not only in using the machinery, but in making it. I cannot find that we have those idle hands of which the chairman of the committee speaks. The price of labor is a conclusive and unanswerable refutation of that idea; it is known to be higher with us than in any other civilized state, and this is the greatest of all proofs of general happiness. Labor in this country is independent and proud. It has not to ask the patronage of capital, but capital solicits the aid of labor.

CHAPTER IV

The Tariff of 1828

[PROTECTION AND POLITICS]

Silas Wright [N. Y.] Introduces in the House a Tariff Bill "For the Working up of Domestic Raw Materials"—Debate in the House: Denunciation of Bill by Nathaniel H. Claiborne [Va.], George McDuffie [S. C.], James Hamilton [S. C.], Daniel Turner [Va.], John Randolph [Va.]—Bill Is Passed.

AS had been prophesied by the opponents of the protective features of the tariff of 1824, the manufacturing interests were not satisfied with the duties levied upon the products of their foreign competitors, and soon demanded that they be raised still higher. Thus, in 1826, a petition came to Congress from Boston, praying that the duties on woolen goods be increased, and in 1827 a bill to this effect passed the House but failed to become a law. In July, 1827, a convention of wool growers and woolen manufacturers was held at Harrisburg, Pa. Other interests asked to be admitted, and their request was granted. The convention thus unified all the interests demanding a high tariff, and focused the attention of the country upon the question.

During the congressional session of 1827-28, Silas Wright [N. Y.] introduced a tariff bill, which, as he said, was "intended to turn the manufacturing capital of the country to the working up of domestic raw material, and not foreign raw material." However, its scope was soon broadened far beyond this purpose by the many amendments made to it by the various political, no less than industrial, interests.

After a protracted debate the bill passed in the House by a vote of 105 to 94, and in the Senate by a vote of 26 to 21.

The speakers in advocacy of the bill, almost without exception, confined themselves to discussing specific schedules, and hence their speeches are of little interest. The opposition, however, was rich in oratorical denunciation of the principle of the bill and its political animus, terming it a "bill of abominations." Among the brilliant speakers from the South who opposed the measure as an act of tyranny toward their section were Nathaniel H. Claiborne [Va.], George McDuffie [S. C.], James Hamilton [S. C.], Daniel Turner [Va.], and John Randolph [Va.].

The Tariff Bill

HOUSE OF REPRESENTATIVES, MARCH 5-APRIL 18, 1828

MR. CLAIBORNE dwelt particularly upon the great masses who had abandoned the cultivation of the earth. This occupation, he said, is the primitive and favorite pursuit of man.

When the population has advanced to a point where the soil will not maintain it, the eagle-eyed sagacity of the citizen will open to him the road to such employments as will best maintain him. There is no necessity for the Government to resort to a hot-bed system of legislation, to force into premature existence a number of sickly manufacturing establishments that will want constant aid from the Government. When the population advances to that point, Government has only to afford protection to all, secure to every man, by an even-handed justice, the fruits of his labor, whether that labor is devoted to the cultivation of the earth, the navigation of the seas, or the labors of the loom, anvil, or hammer. Need I go further than our own country for a happy illustration of the results flowing from a system of government founded on the mild and philosophical principle I here advocate? Under their influence we have, from small beginnings, grown up into a great people—worthy the respect of the world. Sir, we must become a great agricultural people—we have a sufficiency of arable land for the accommodation of the people of the present day. Nay, more, for the accommodation of our probable population for five hundred years to come.

If eventually we must become a manufacturing people, let it be by a slow process.

How long did Great Britain exist as a nation before she

soared to unrivaled excellence in commerce and manufactures? I answer, until her population advanced to that point that the soil could not maintain it; then her manufactures and commerce flourished. Do we expect to maintain, in a moment, that which in older countries has been more than equal to the labor of ages? If manufactures are necessary to our independence, they will grow under existing circumstances.

The history of the tariff in this country deserves some notice. There have been four revisals, and they have invariably been effected by compromise. To break in so frequently on the system, and extend the duties, produces jealousy, dissatisfaction, and strife. It keeps the price of labor and property constantly fluctuating. It unhinges the confidence of the people in your laws, and it disorders the circulating medium of the country. This incessant advance in duties entices people to embark in manufacturing establishments with an impression that the Government will sustain them at all events, and make their labor productive. The course pursued by Congress in 1824 has let to this effort to increase the duties. It will be remembered that that enterprising State, now the most extensively engaged in the woolen manufactures, was then opposed to increased duties on foreign woolens. That State, I am told, is now at the opposite point, and for greater increase. Sir, your legislation seduces your citizens to invest time and money in those establishments; and, unless you take a firm stand, you must end in the Chinese system of exclusion. In 1824 the vote of the Massachusetts delegation encouraged a belief that the manufactures there were then prosperous; the increased duties laid that year seduced very many to invest their capital in woolen manufactures. Many entered into the business, no doubt, with borrowed capital. What followed? That which was to be apprehended: competition was encountered at home and from abroad. The profits, at first large, are reduced and now comes the application for further protection; and no doubt, in my mind, it will be continued until it works a total exclusion.

This system of exclusion I can never agree to; a mutual exchange of commodities, or free commerce, makes the most distant people friends, and converts the universe into a community of brothers.

Mr. McDuffie.—Mr. Speaker, it is distressing to witness the kind of aristocratic influence by which measures of this sort are obviously controlled. I have witnessed, with astonishment and regret, as a strong proof of the aristocratic tendency of every system of government, the melancholy fact that intelligent and

honorable men upon this floor, in whose congressional districts there is perhaps a single manufactory of iron, owned by perhaps the very wealthiest man in the country, will give their votes, without the least compunction, to impose an odious and oppressive tax upon the remaining thousands of their poor constituents, to increase the profits of one wealthy nabob.

And yet, sir, we talk about a democratic government and the responsibility of the Representative to the people! I speak not the language of a demagogue, but the grave and solemn language of historical and philosophical truth, when I say that it is the very genius of this system, as exhibited in this and every other country, to tax the many and the poor for the benefit of the few and the wealthy. Take up the articles embraced in the scheme of protection, one by one, and I defy any man to point out a single one of them that does not specifically prove and illustrate the proposition I have laid down. Salt, for example, is an article of first necessity, equally consumed by the poor and the rich. The people of the United States now pay about one hundred per cent. on every bushel of salt they consume, amounting in the aggregate to a tax of at least a million and a half dollars, paid by all classes, for the exclusive benefit of the owners of some one or two hundred salt works at the utmost. The same remark is strictly applicable to the duty on iron. It imposes a universal tax, both heavy and permanent, for the benefit of not more than one or two hundred iron masters in the United States. And I appeal to the members from Pennsylvania, Maryland, and Western Virginia, to state whether these men have not accumulated princely fortunes by the very business which we are taxing the people still higher to sustain? I was myself informed by one of those iron masters that the establishment in which he was concerned yielded an annual income of, I think it was, $15,000 or $20,000, and that he could afford to sell iron at ten dollars a ton less than the present prices and do a profitable business. And yet, sir, with all the republican simplicity imaginable, we are imposing a heavy tax upon the whole democracy of the country, to increase the already overgrown fortunes of this single branch of the aristocracy! The high duty on imported sugar is another illustration of the view I am attempting to impress upon the House; and I am induced to notice it the more particularly because it has been urged as a reason why the Southern States generally ought to submit to the proposed imposition of high duties on other articles. Sir, what sort of logic is that which urges the justice of imposing a tax upon South Carolina for the benefit

of Massachusetts, because a tax has already been imposed upon both South Carolina and Massachusetts for the benefit of Louisiana? I do not understand this system of sectional combination—I am sure it is not founded upon the principles of the Constitution—by which South Carolina is to be made responsible to Massachusetts for the duty on sugar, any more than she is responsible to Louisiana for the duty on woolens. By all the ties which consecrate this Union, my State stands in as near a relation to Massachusetts as to Louisiana, and he does not consult either the spirit of the Constitution or the harmony of the Union who deduces such an argument as that which I am considering from geographical juxtaposition merely. I, sir, complain of the duty upon sugar as much as any other member of this House. It is obnoxious, in a peculiar manner, to the objection I have urged against the duties on salt and iron; it is a tax on the great body of the people for the benefit of some two or three hundred sugar planters who are men of immense wealth; for the fact is notorious that the business is almost conclusively confined to large capitalists. Every family in the United States that consumes 33 1-3 pounds of sugar pays a tax of one dollar to these wealthy monopolists; and I know a single individual—he is a personal friend—worth between two and three millions of dollars, who receives annually about $30,000 as his dividend of this national bounty.

Can there be a more striking proof of the injustice, and impolicy, and anti-republican tendency of this system? It imposes a tax of at least four millions five hundred thousand dollars upon the mass of the people in every State in the Union, for the sole and exclusive benefit of the iron masters, sugar planters, and owners of salt works, not amounting, in the whole Union, to more than from five hundred to one thousand persons; and, if we add all the owners of cotton and woolen manufactories in the United States, it would not swell the number to two thousand. Sir, the foundation of an aristocracy of wealth was never more distinctly laid in the legislation of any country on earth; nor was the democracy of any other country ever subjected to such an enormous tax to sustain a privileged order. There is nothing in the legislation of England, not excepting the oppressive system of the corn laws, more justly obnoxious to condemnation.

But, sir, the manufacturers, with an art common to all those who, by the various devices of human cunning, have made subservient to their purposes the credulity of the multitude, allege that the great body of farmers, constituting, perhaps, three-

fourths of our population, are interested in the establishment of manufactures as a means of obtaining a market for their wool. Conceding, as I readily do, that the establishment of manufactories, when not forced by artificial means, is beneficial to such farmers as live within their vicinity and have capital sufficient to embark in the business of wool-growing, yet I confidently appeal to every member from the wool-growing portions of the Union to say whether the business of growing wool for the manufacturing establishments is not confined to a very small portion of farmers, consisting of those who have the largest capital? Yes, sir, I have been assured by members on this floor, engaged in the business of wool-growing, that the small farmers do not even raise wool for their own consumption, but actually buy it from those of the more wealthy class. I may venture to assert that, taking the average even of the wool-growing States, there is not one in fifty of the farmers who raises wool for sale; and that the whole number of wool growers in the United States who would be at all benefited by the duty upon raw wool and woolens would not exceed ninety thousand persons. Thus it is, sir, that this bill maintains a consistent character throughout all its provisions, and the great democratic farming interest, represented as constituting nine millions of our population, dwindles into an aristocracy of ninety thousand of the most wealthy farmers. It is to provide a small bounty for those wool growers and a very large one for the still smaller number of woolen and cotton manufacturers, iron masters, sugar planters, and owners of salt works, that the other classes of the people, including more than eight millions nine hundred thousand of the people of the farming States, are compelled to pay an annual tax of about fifteen millions of dollars. Such, sir, is the operation, and such the political tendency of this system. I shall be probably asked how it happens that the capitalists of the South, the wealthy cotton planters, are arrayed on the side of the great mass of the people in this contest between capital and labor? Sir, such is our position in this contest that our interest throws us into a natural alliance with the great body of the people in the farming States. The wealthy cotton planter of the South fights by the side of the small farmer, the mechanic, the merchant, and the laborer, in New York and Pennsylvania, because they all have a similar interest in opposing a system of which the burden falls upon them and the benefit on others. And this accounts for the fact —notorious in our political history—that what some are pleased to call the aristocracy of the Southern States has always been

found on the same side with the democracy of the Northern States in the political controversies by which the country has been divided. It is a natural alliance. The Southern States, depending on free trade for their prosperity, must always be opposed to any attempts on the part of this Government to build up, by commercial prohibitions, an aristocracy of favored monopolists. Sir, this is not a contest, as some are anxious to represent it, between the Southern and Northern States. It is a contest of less than one hundred thousand manufacturers and farmers against all the other farmers and manufacturers in the Union, and against the whole population in the Southern States.

Mr. Speaker, such are the disguise and delusion incident to this sort of legislation that baseness and treachery are not unlikely to receive the reward appropriate to disinterested patriotism.

Indeed, sir, when I contemplate the extraordinary infatuation which a combination of capitalists and politicians have had the singular art to diffuse over more than one-half of this Union—when I see the very victims who are about to be offered up to satiate the voracious appetite of this devouring Moloch paying their ardent and sincere devotions at his bloody shrine, I confess I have been tempted to doubt whether mankind was not doomed, even in its most enlightened state, to be the dupe of some species of imposture and the victim of some form of tyranny. For, sir, in casting my eye over the history of human idolatry, I can find nothing, even in the darkest ages of ignorance and superstition, which surpasses the infatuation by which a confederated priesthood of politicians and manufacturers have bound the great body of the people in the farming States of this Union, as if by a spell, to this mighty scheme of fraud and delusion.

Mr. Hamilton.—Sir, one of the great masters of human knowledge, who with a ken little short of the spirit of prophecy, perceived some of the causes of the success of our revolution in the very turn of thinking of our people on the subject of taxation, has told us that "Liberty inheres in some sensible objects; every nation has formed for itself some favorite point, which, by way of eminence, becomes the criterion of their happiness. It happened that the great contests for freedom, in this country, were, from the earliest times, chiefly upon the question of taxing. It is not easy to make a monopoly of theorems and corollaries. The colonies draw from you, as with their life blood, these ideas and principles. Their love of liberty is fixed,

and attached, on this specific point of taxing." And so, sir, it has continued, down to the present day, in our transit from colonial dependence to sovereign States. This habitual sensibility, which belongs to a free people, you have aroused, by observing no sort of moderation in your objects, until you have fixed the conviction in the public mind that the difference between "taxation without representation" and taxation with representation, in violation of the spirit if not the letter of the constitution, is too idle, in the abstract, to mitigate the evils which, in practice, are common to both; and depend upon it that it will require a more ingenious and talented casuist than even such a man as the pensioned author of "Taxation no Tyranny" to satisfy our people that you are not doing the same thing, in a different form, with the superadded burden of an amount of impost, which never arose even in the imaginations of Grenville and of North, to stimulate their cormorant appetites for American revenue; aggravated, as all this is, by the irrepressible sentiment that you are breaking the faith of that equal compact by which this Union can alone hope to live—"the fountain from which its current runs, or bears no life."

But I trust, sir, that this cup may pass from us; that in our firmness and enlightened patience—not base submission—and in your returning sense of justice, we shall find our remedy and relief; that the spirit of concord and affection may again be breathed into this Union, animating it with the durability of eternal life. But, if an adverse destiny should be ours—if we are doomed to drink "the waters of bitterness," in their utmost woe—if we are doomed under a tyrannous legislation to be reduced in effect again to a condition of colonial vassalage, by your compelling us to purchase, in one quarter of this Union, all that we may consume, and of selling all that we may procure by the sweat of our brow to the same favored portion, you may rely at least on one thing—that, in a juncture so full of difficulty, South Carolina will be found on the side of those principles, standing firmly on the very ground which is canonized by that revolution which has made us what we are, which has imbued us with the spirit of a free and sovereign people.

Mr. Turner.—This Government was formed for great and noble purposes; it was formed upon the principle that the people should be able to control their rulers; it was formed for the benefit of the whole; it was not formed for a majority to promote their own views, as their private interest may direct.

And, sir, these political schemes, which I conceive to be entirely hostile to our institutions, are doing more to weaken the Union of these States than any plan that could be devised. Instead of leaving the people to manage their own affairs in their own way, we must administer our medicine most profusely; and God grant that we may not inscribe on the tomb of our patient the old Spanish epitaph: "I was well, would be better, here I am." It is but too evident that both in our general and State governments we have too much legislation. Let us pass only those laws that are absolutely necessary, and no more; leave the rest to the people—let nature take its course; this is the correct policy of this Government. For all these fine-spun political schemes, which appear so well in theory, when reduced to practice, nine times in ten bring misery and oppression upon some one portion of the community. Something is left out of the calculation which was not foreseen—it produces too artificial a state of authority; and the machine ultimately becomes so complicated that no political juggler, however expert he may be, will be competent to its management. It is upon these principles that I am opposed to all those political measures which, in a country so extensive as this, where the interest of the people is so diversified, must have a tendency to build up one portion of the community at the expense of the other. For the justice of these remarks I would instance England, that glorious but unfortunate country, where political legerdemain has been exercised, until their tricks can no longer conceal that they have brought their country to the brink of national bankruptcy.

It appears, sir, that we, too, like England, must have our schemes; and to render them the more palatable great names are given—the American system. But gentlemen differ widely as to what is the American system. Just as the supposed interests of particular portions of country, which gentlemen happen to represent, require, so they speak. Sir, we all know and feel the influence and magic of a name; but the veriest minnow, to whom this bait is thrown, will, I hope, discover too much sagacity to be deceived. The American system! Sir, we disclaim the name; and denominate it a system to use this Government to promote the views of particular sections of country. The true American system consists in the Government not interfering in matters which are calculated alone to promote the interest of comparatively few individuals, and those confined to particular sections of country, at the expense, nay, sir, the ruin, of other portions of the Union.

After the bill was passed a Representative moved to amend its title by adding the words "for the encouragement of domestic manufactures."

Mr. Randolph opposed the motion, insisting that domestic manufactures meant those which were carried on in the families of farmers, in the fabrication of what used to be called Virginia cloth; and that the bill, if it had its true name, should be called a bill to rob and plunder nearly one-half of the Union, for the benefit of the residue, etc. Let the friends of the bill christen their own child; he would not stand godfather to it. The title was merely *ad captandum vulgus;*[1] like the words of the continental money ridiculed in Swift's verses:

> "*Libertas et natale solum,*"[2]
> Fine words indeed! I wonder where you stole 'em."

The bill referred to manufactures of no sort or kind, but the manufacture of a President of the United States.

[1] "For taking (in) the common folk."
[2] "Liberty and native land."

CHAPTER V

The Tariff of 1832

[PROTECTIVE PRINCIPLE]

Revision of the Tariff in Further Interest of Manufacturers—Debate in the Senate: in Favor, Henry Clay [Ky.]; Opposed, John Tyler [Va.]—Debate in the House: in Favor, Rufus Choate [Mass.]; Opposed, Thomas Clayton [Ga.], Dixon H. Lewis [Ala.].

IN 1831 the issue between free trade and protection had been squarely drawn for the first time in American history, the free traders meeting in convention in Philadelphia, and the protectionists in New York, and both assemblies sending memorials to Congress.

In the protracted congressional session of 1831-32 a number of tariff bills were prepared, the result of which was the passage, on July 14, 1832, of a composite act in which the protective features of the existing tariff were maintained, and a number of revenue taxes reduced, and duties abolished on some raw materials, such as varieties of wool—a measure, as will be inferred, in further interest of the manufacturer and against that of the agriculturist. The Southern Congressmen were greatly indignant at the imposition of additional burdens where relief from present ones had been expected by them, and, indeed, promised in the beginning of the session by their opponents—Henry Clay [Ky.] himself introducing in the Senate a resolution in favor of "reduction of duties."

In the debate in the Senate Clay was a leading speaker in favor of the principle of protection, and John Tyler [Va.] was prominent among those in opposition.

The South's Complaint Against the Tariff

SENATE, FEBRUARY 2-13, 1832

SENATOR CLAY.—Eight years ago it was my painful duty to present to the House of Congress an unexaggerated picture of

the protection of *their* industry against foreign laws and foreign industry. They have been accustomed to regard the extinction of the public debt as relief from a burden, and not as the infliction of a curse. If it is to be attended or followed by the subversion of the American system, and the exposure of our establishments and our productions to the unguarded consequences of the selfish policy of foreign powers, the payment of the public debt will be the bitterest of curses. Its fruit will be like the fruit

> "Of that forbidden tree, whose mortal taste
> Brought death into the world, and all our wo,
> With loss of Eden."

MR. TYLER.—The honorable Senator from Kentucky [Mr. Clay] has drawn a glowing picture of the condition of the country. He has spoken of this as the golden age of these confederated States. By the magic of his eloquence he has transported us to what, with classical taste, he was pleased to call La Belle Rivière, and, sailing down its stream, he pointed out to us a smiling, animated scene—villages rising up in endless succession on its banks, while the arts were gaily meeting us at every step. From thence he led us into the interior of his own State, and there again all was beautiful and enticing: widely extended lawns—animated groves—and hills covered with numberless flocks. All was gay—all was beautiful—all enchanting. He then translated us to the North, and again we stood in fairyland. Here flourished the arts, and the buzz of industry arose from numberless villages. And, finally, to touch off with still deeper tint the glowing scene, he pointed to us that great mart of commerce, the city of New York—the modern Tyre. But the honorable Senator here stopped—his pencil fell from his hands, when he turned to the South, and she was not found upon his canvas. Where were her rising towns? Where her lawns, her animated groves, and living hills? I said she was not on his canvas—I mistake—she was there, but she was enveloped in gloom. She had ventured to utter complaints—to put forth her grievances respectfully, but strongly—and she was scowled upon—reprehended as uttering unfounded complaints, entertaining unwise opinions, and as advocating a system which would recolonize America. If the Senate could see nothing in all this to justify complaint, then are we indeed fairly subject to reproach. What, sir! could not that fervid and glowing fancy create one animated spot—find one oasis in

the general distress pervading the whole land. If I were to select any term of seven years since the adoption of the present Constitution which exhibited a scene of the most widespread dismay and desolation, it would be exactly that term of seven years which immediately preceded the establishment of the tariff of 1824.

I have now to perform the more pleasing task of exhibiting an imperfect sketch of the existing state of the unparalleled prosperity of the country. On a general survey, we behold cultivation extended, the arts flourishing, the face of the country improved, our people fully and profitably employed, and the public countenance exhibiting tranquillity, contentment, and happiness. And, if we descend into particulars, we have the agreeable contemplation of a people out of debt; land rising slowly in value, but in a secure and salutary degree; a ready, though not extravagant, market for all the surplus productions of our industry; innumerable flocks and herds browsing and gamboling on ten thousand hills and plains, covered with rich and verdant grasses; our cities expanded, and whole villages springing up, as it were, by enchantment; our exports and imports increased and increasing; our tonnage, foreign and coastwise, swelling and fully occupied; the rivers of our interior animated by the perpetual thunder and lightning of countless steamboats; the currency sound and abundant; the public debt of two wars nearly redeemed; and, to crown all, the public treasury overflowing, embarrassing Congress, not to find subjects of taxation, but to select the objects which shall be liberated from the impost. If the term of seven years were to be selected of the greatest prosperity which this people have enjoyed since the establishment of their present Constitution, it would be exactly that period of seven years which immediately followed the passage of the tariff of 1824.

This transformation of the condition of the country from gloom and distress to brightness and prosperity has been mainly the work of American legislation, fostering American industry, instead of allowing it to be controlled by foreign legislation, cherishing foreign industry.

It is now proposed to abolish the system to which we owe so much of the public prosperity, and it is urged that the arrival of the period of the redemption of the public debt has been confidently looked to as presenting a suitable occasion to rid the country of the evils with which the system is alleged to be fraught. But the people of the United States have not coupled the payment of *their* public debt with the destruction of

the wilderness of gloom on which to rest? How comes this, Mr. President? Is there anything in soil, in climate, in position, to explain it? Do we sow and not reap? Has the earth suddenly refused to yield to us her harvests? I beg leave to give you an anecdote which is said to have occurred at the table of General Washington shortly after the adoption of the Federal Constitution. The party consisted of several Southern gentlemen and one gentleman from the North. That great and good man was dwelling on the benefits which would arise from the adoption of the Constitution; he portrayed the countless blessings which it would bring to the South—dwelt on its rich productions, and the profitable interchange which it would carry on with all parts of the world. At length, turning to his Northern friend, he inquired, "But what will the North do?" The brief and laconic answer was, "We will live by our wits." And well has this reply been realized. By their wits they have acquired much of the wealth which properly appertains to a more genial climate and richer soil. Their ingenuity has brought forth useful inventions for the benefit of mankind: hardy, industrious, enterprising, they have, in the pursuit of fortune, roamed over distant lands and braved the terrors of the mighty deep. The compliment paid them by Edmund Burke, on the floor of the British Parliament, was every way deserved.[1] Every Southern man rejoiced in their prosperity, so long as it was the result of their own indefatigable industry. Even their wooden nutmegs excited but a smile, and nothing more. They may, for me, make trade and profit of all their notions, except their tariff notions. Against that I do protest with all my strength. But let me return to the course of my inquiry. How comes it now about that, while the South is impoverished, the North has suddenly become so rich?

The honorable Senator, in his effort to find out causes of Southern depression, has seen proper to remark that we were "too poor to live—too proud to work—too high-minded and honorable to resort to ignoble means of acquisition—brave, daring, chivalrous." That we are too poor to live as did those who, but a short time ago, preceded us, is most true—and, sir, it is our misfortune to be growing poorer and poorer: the cause of this I shall attempt presently to explain. But that we are indolent or idle I utterly deny. There lives not a more industrious population under the sun, taken in the mass.

The honorable Senator, then, is mistaken as to the true cause

[1] See Volume I., pages 117, 118.

of our distress and impoverishment. I have looked carefully into the matter; and my inference is that it results, to a great extent, from the simple fact that we sell cheap and purchase dear. Other causes may conjoin with this, but this is the great controlling cause, and amply sufficient in itself to account for the condition of the South.

The home market has been represented to us as of vast importance, more especially in reference to breadstuffs. This delusion has now been kept up for fifteen years. An increase of duties has never, at any time, been proposed, but we have had representations made of the great importance of the home market, produced by the encouragement of domestic manufactures. And yet, sir, no man has ever known produce so low as it has been during the last seven years.

The foreign price regulates the domestic price; and the fluctuations which take place every fall in the wheat market here are ascribable to hopes excited by the slightest circumstance of an increased price abroad. If a cloud is over the face of the sun during the harvest time in England, prices advance; and, if accounts are brought of a fall of rain, the spirit of speculation immediately becomes more active, and the farmer pockets the benefit.

Simplify this American system, and what is it? Take for illustration four individuals: one shall represent the Southern producer, the second the English manufacturer, and the remaining two Northern manufacturers. The Southern farmer interchanges the valuable productions of the soil, at their minimum price of production, with the English manufacturer, for articles necessary for his consumption, at their minimum price of fabrication. The exchange thus made is equally beneficial to each, and neither, notwithstanding the great fall in price which has taken place in the fruits of their industry, experiences decline. The first obtains for his flour, his tobacco, his cotton, or rice, as great a quantity of the articles which constitute the mass of his consumption as he formerly did when he obtained much higher prices; and so does the latter. The means of living as abundantly as ever exist with both, and both are equally prosperous; but the two Northern capitalists suddenly interpose, and forbid this advantageous course of exchange. They shackle it with heavy restraints, imposing upon the farmer the necessity either of purchasing of them at a greatly augmented price or of encountering still greater exactions in the course of the foreign trade. They are enabled to legalize their purpose, if indeed injustice can ever be legalized, by the majority

power which they wield. I submit it to honorable Senators to say if I have not drawn, by this example, the epitome of the American system; and I demand of all candid men to say whether the power thus exerted is not selfish, despotic, and unjust.

Since the main debates on the tariff in the House occurred at a time when popular feeling in the South was aroused to the last degree in opposition to the oppressive measures, the Southern Representatives proclaimed resistance by their States even to the point of secession from the Union.

Rufus Choate [Mass.] was the leading advocate of the tariff in the House, and Thomas Clayton [Ga.] and Dixon H. Lewis [Ala.] were its chief opponents.

"To Your Tents, O Israel!"

Debate on the Tariff, House of Representatives, June 13-15, 1832

Mr. Choate.—The question pending is the broad one: Shall the existing protective system be maintained, or shall it be overthrown, either by direct abolition, or by compromise?

I have heard only one plausible reason suggested for the abandonment of the protective system. That reason is that the system operates with a local and partial severity upon the planting States. It is true that other considerations are pressed in argument. Elsewhere, as well as in the South, there is hostility to the system. Elsewhere, as well as there, there are political economists and politicians who maintain that it rests upon an unsound theory of the wealth of nations; that it unduly depresses and unduly fosters individual interests; that it is aristocratical and anti-republican in its tendencies, and that it produces, in the long run, national loss and national immorality. Elsewhere, as well as there, there are pursuits on which some of its provisions do press with unquestionable severity. Elsewhere, as well as there, it produces some good and some evil, like all other contrivances of man; and it divides public opinion, to some extent, like every other subject which addresses itself to the reason and passions of man.

Now, as a matter of course, as fast as we could, we should reduce the revenue to the wants of government, but we should

do this without so much as touching the principle of the protective portions of the tariff.

I repeat it, then, the only plausible ground of attack on this policy is this that it oppresses the States of the South; that it blights their harvests, blasts their fields, and causes the grass to grow on the wharves, and in the great thoroughfares of their commercial cities; that it enhances the prices of all they buy, and depresses the prices of all they sell.

To this argument of the South various answers may be given. I shall confine myself to one, and that a plain, practical, and intelligible answer. It is this: that the injury which the abandonment of this policy will do to the individuals, and to the interests and sections remotely or directly connected with, and dependent on, manufacturing and mechanical industry, and to the country, will outweigh, immeasurably, any rational estimate of the good which it will do to the South.

It is a question of expediency we are debating. "The greatest good of the greatest number" is the turning consideration, is it not? If the act to which gentlemen urge you so zealously will occasion more evil than good, in a large and comprehensive estimate of its consequences, will you be persuaded into it?

It is true, certainly, that a different doctrine has been insinuated, if not openly pressed, in this discussion. It has been argued that this is not a question of expediency, but of right, justice, and principle. It has been argued that, no matter how great may be the amount of the pecuniary, economical, individual and national sacrifice on the one side, occasioned by the subversion of the protective policy, or how trivial the compensation on the other, our Southern brethren may demand its subversion as a matter of clear right and justice.

Gentlemen assert a moral right, not a constitutional one, to have the protecting system forthwith abandoned without reference to consequences. *Fiat justitia, ruat cœlum,*[1] say they.

Now, the constitutional power to continue or withdraw protection is conceded to us. By what principle of political morality ought we to regulate the exercise of this power? For all legislation which is admitted to be authorized by the Constitution, the people of the United States are one people. The confederated character of the Government and the separate existence of the States, for all such legislation, are of no importance. The power of the majority, and the rule of political morality which should control its exercise, are precisely the same, for such legislation, as if the Government were consolidated. Local in-

[1] "Let justice be done though the heavens fall."

terests, pursuits, and opinions there are, of course, different, conflicting, almost irreconcilable. The South, the North, the West have each their own. We are called to deliberate upon a policy which affects them all; some favorably, others unfavorably, or less favorably. What is the rule of our right and our duty? Sir, we ought, if we could do so, to adopt a policy which shall reconcile and harmonize all these interests, and promote the good of all, and of all equally. But that is impossible. What then are we to do? Consult the greatest good of the greatest number; regardless where or on whom the particular hardship which all general policy must produce shall fall, but regretting that it should fall on anybody, and lightening it as well as we may. The moral right of the minority is that the majority shall exercise a sound discretion in good faith. The moral duty of the minority is acquiescence. If they are subjected to loss and hardship, and it be direct, specific, measurable in money, or such as the customs of civil societies recognize as a fit subject of compensation, they must be compensated. If not so, it is what the gentleman from South Carolina calls *damnum absque injuria.*[1] Extreme cases provide for themselves, and are a law unto themselves.

All men admit, and free trade theorists as fully as any, that manufactures are indispensable to the higher attainments of national greatness, and consideration, and wealth, and enjoyment. What they contend for is that you shall not force manufactures upon our people by commercial regulation. They are a great good, only you may give too much for it. But they all admit that manufactures, however unphilosophically introduced and sustained, when established, are a perennial spring of resource and energy to a State. They all admit that it is the industry of England, helped forward perhaps by a hundred foolish laws of Edward or Elizabeth, which has placed her at the head of modern civilization, and put into her hands more than the scepter of the sea. Now you choose to begin by forcing this species of industry by a protecting tariff. Grant that you started wrong. It is better to go through than to go back. It is more economical to do so. Do you not see that the country has grown to your laws? Occupation, capital, hope, which is the life of the world, are they not rapidly accommodating themselves to this policy? The first bad effects, the disturbance and derangement which mark the moment of its introduction, are disappearing. Consumers of all classes feel the benefits of a full domestic competition. A great body of skill is generated, worth

[1] "Hurt without injustice."

more, in the contemplation of philosophical statesmanship, than a thousand mines of barbaric gold.

What is there, sir, so very terrible in the signs of these times? What is this great crisis upon which gentlemen are so eloquent? What if there be some excitement of feeling, some harsh words, and some lowering looks between the brethren of this wide household? All these things must needs be, and may very safely be. They are only part of the price! how inadequate the price!—which every nation pays for greatness and liberty. All signal and durable national fame and empire are reached, if they ever are reached, through such occasional and temporary tribulation as this. Instead, then, sir, of anticipating with the gentleman from Georgia the time when, in pursuance of the pathetic suggestion of the patriarch which he has just repeated, we shall divide our flocks and herds, and take each our several way, "that there be no more strife between us"; instead of looking with so much apprehension upon this diversity of pursuits and interests, let us adopt a more cheerful theory. Let us agree to see in it, as long as we can, "merely that combination and that opposition of interests, that action and that counteraction which, in the natural and the political world, from the reciprocal struggle of discordant powers, draws out the harmony of the universe." This is the language of one of the wisest men and most accomplished minds that ever lived. I hope our example may illustrate its truth.

Mr. Clayton.—I could give you a most feeling account of a city in my own State, once the pride of the South, the busy mart of one of the greatest staples of the earth, the source of wealth, the seat then and now of hospitality, and every generous virtue; but what is the fate of Savannah? Let her withering commerce and her sinking dwellings tell the story; and, sir, to your American system will she point you for the cause of all her misfortunes.

The mere operation of human law, actuated by the selfishness of human nature, has done this foul deed of mischief; has drawn, secretly and insidiously, all the resources of the South to the Northern and Middle States. We have generally been instructed to believe that man alone, in his individual character, is disposed to be a despot, but a regulation of a whole community is sometimes as great a tyrant, and we are often deceived and lulled into security under the tame belief that it is intended to protect, and not to destroy, when it oftens happens that some combination of robbers or usurpers have artfully transferred their power into the form of law, and, in that way, as

effectually accomplished the purposes of fraud and ambition as if achieved by the dagger or the fagot.

Mr. Chairman, this country was never perhaps, except in time of war, in a higher degree of excitement. We hear of meetings at the North; indeed, very large ones have lately been gotten up to dictate to the House the course it must pursue; we hear of legislatures pursuing the same course, and saying the protecting system shall not only not be repealed, but it shall not be relaxed; we hear of the presses saying that even the measures of compromise suggested, with the best intentions, by the Administration, for the sake of peace, will be resisted by "a million of musket-bearing people." Now, sir, when the South acts or talks thus, it is treason! She must suffer, and, if she complains in a tone anything above the strain of supplication, she is rebuked for insolence, and charged with a design to dismember the Union.

Such a charge I fling back in the teeth of our accusers. What! the South disaffected to the Union! The South that suffered so much in the Revolutionary War from the common enemy, from savages on her frontier, and Tories, worse than savages, in her very heart! The South, that so gallantly opened her purse and shed her blood in the last war with the British and Indians, when in another quarter —— But I forbear. It cannot be believed that the South is disloyal. Who were the supporters of Jefferson, and Madison, and Monroe? And who, more than Jefferson, Madison, and Monroe, were the defenders of those republican principles which moved, directed, and consummated the Revolution of '76, and were happily laid at the foundation of the Federal Government? Did the South keep back when the North refused to give up a sacrifice rightfully necessary to support and defend the principles of the Constitution? No, sir; it is a slander to whisper the slightest suspicion of disloyalty against the South.

Mr. Lewis.—Mr. Chairman, the crisis has at length arrived when this question must be settled on a permanent basis. The Southern people have looked with delight to the payment of the public debt, as a period when they might expect some alleviation of their burdens. There is no longer an excuse or pretext for continuing the present rate of duties, except for the single purpose of making the South tributary to the North. We have borne, patiently, our unequal burdens in discharging a debt incurred in our common defence, and we now demand of you to lessen our taxes to the amount annually paid in the discharge of that debt. Partaking in the common feeling of our country-

men, in satisfaction at an event which has freed the Government from pecuniary obligation, we call upon you to adjust your revenue to the legitimate wants of the Government. Sir, do we ask too much in calling for a reduction of our taxes to the fiscal demands of the Government? The subjects of European despotism would have at least this claim on the humanity of their sovereign. Sir, I will state that nothing short of a practical abandonment of the principle of protection can or ought to satisfy the wounded feelings of the South. The repeal of the duties on the unprotected articles which forms the basis of the present bill will never be considered a fair adjustment of this question. It has been no part of our complaint that revenue duties should be levied on those articles which are not manufactured in this country. Such articles are mostly luxuries consumed by the rich, and are the most legitimate subjects of revenue, because the duties on them are borne equally by all who consume them. Our complaint has been that protecting duties have been levied on those articles which are manufactured in one portion of our country, for the purpose of raising the price of manufacturing labor; and that, while those duties operate as a tax on the South, they operate as a bounty on the North. This is the sum and substance of the whole controversy; and if you take the duties off of wines, silks, teas, spices, and such other luxuries, and throw the whole burden of the revenue on salt, iron, cotton, and woolen goods, and such other necessaries of life as are consumed by the South and manufactured by the North, you not only relieve that section from the whole burden of taxation, but you make the labor of the South tributary to the North.

Mr. Chairman, the Southern people will abandon the Union only in the last struggle for their rights; and when it is gone they will have no cause to upbraid themselves. They have not asked, nor will they ask, any favors, or bounties, or privileges at your hands; they claim but the right to enjoy the proceeds of their honest labor. In their name, I invoke you, by the blood of our common ancestors, by the independence which they struggled to achieve, by the emblems of liberty which surround us, by the stars and stripes of our national banner, suffer us to remain in the Union, not as slaves, but as freemen, paying no other tribute than that which we owe to our common country.

CHAPTER VI

The Tariff of 1833

[horizontal reduction]

Gulian C. Verplanck [N. Y.] Introduces Bill to Reduce the Tariff to the Act of 1816—The Clay Compromise Bill, Which Provides for Gradual Reduction Through Successive Years, Is Substituted—Debate in the Senate: in Favor, Henry Clay [Ky.], John C. Calhoun [S. C.]; Opposed, John Forsyth [Ga.], Daniel Webster [Mass.]—Bill Is Passed—Its Subsequent Expiration.

In accordance with a suggestion of President Andrew Jackson in his message of December 4, 1832, to reduce the tariff substantially to the act of 1816, a bill was introduced in the House early in the session of 1832-33 by Gulian C. Verplanck [N. Y.]. Within a week of the close of this session Robert P. Letcher [Ky.] proposed as a substitute a bill offered in the Senate by Henry Clay [Ky.]. This was afterward designated a "horizontal reduction" bill. It provided for the gradual reduction of the tariff through successive years until 1842, after which the highest duty levied should not exceed 20 per cent. Senator Benton said of this bill, in his "Thirty Years' View":

It was offered in the House, without notice, without signal, without premonitory symptom, and just as the members were preparing to adjourn. The Northern Representatives from the great manufacturing States were astounded, and asked for delay, which, not being granted, Mr. John Davis [Mass.], one of their number, thus gave vent to his amazed feelings:

"The South's Complaint Deeper than the Tariff"

John Davis, M. C.

I do not object to a reasonable adjustment of the controversies which exist. I am in favor of a gradual reduction on

protected articles; but it must be very gradual, so that no violence shall be done to business; for all reduction is necessarily full of hazard. But I do object to a compromise which destines the East for the altar. No victim, in my judgment, is required, none is necessary; and yet you propose to bind us, hand and foot, to pour out our blood upon the altar, and sacrifice us as a burnt offering, to appease the unnatural and unfounded discontent of the South; *a discontent, I fear, which has deeper root than the tariff, and will continue when that is forgotten.*

The substitute bill passed in the House by a vote of 105 to 71, and in the Senate by 29 to 16. The debate in the Senate on the bill which Clay had previously offered, afterward known as the "Compromise Bill," called forth speeches in its favor from Senator Clay and John C. Calhoun [S. C.], and in opposition from John Forsyth [Ga.] and Daniel Webster [Mass.].

The Compromise Tariff

Senate, February 12, 1833

Senator Clay.—I believe the American system to be in the greatest danger; and I believe it can be placed on a better and safer foundation at this session than at the next. Put it off until the next session, and the alternative may, and probably then would be, a speedy and ruinous reduction of the tariff, or a civil war with the entire South.

It is well known that the majority of the dominant party is adverse to the tariff. Judging from the present appearance, we shall, at the next session, be in the minority. How, then, I ask, is the system to be sustained against numbers, against the whole weight of the Administration, against the united South, and against the impending danger of civil war?

I have been represented as the father of this system, and I am charged with an unnatural abandonment of my own offspring. I have never arrogated to myself any such intimate relation to it. I have, indeed, cherished it with parental fondness, and my affection is undiminished. But in what condition do I find this child? It is in the hands of the Philistines, who would strangle it. I fly to its rescue, to snatch it from their custody, and to place it on a bed of security and repose for nine years, where it may grow and strengthen, and become acceptable

WHIG APPEAL FOR AN EXCUSE
[Caricature of Clay and Frelinghuysen in Presidential Campaign of 1844]
From the collection of the New York Historical Society

to the whole people. I behold a torch about being applied to a favorite edifice, and I would save it, if possible, before it was wrapt in flames, or at least preserve the precious furniture which it contains.

Senator Clay advanced another reason for his bill: the desirability of separating the tariff from politics and elections. This wish, says Senator Benton, being afterward interpreted by events, was supposed to be the basis of the coalition with Mr. Calhoun, both of them having tried the virtue of the tariff question in elections, and found it unavailing either to friends or foes. Mr. Clay, its champion, could not become President upon its support. Mr. Calhoun, its antagonist, could not become President upon its opposition. To both it was equally desirable, as an unavailable element in elections, and as a stumbling-block to both in the future, that the tariff should be withdrawn for some years from the political arena; and Mr. Clay thus expressed himself in relation to this withdrawal:

I wish to see the tariff separated from the politics of the country, that business men may go to work in security, with some prospect of stability in our laws, and without everything being staked on the issue of elections, as it were on the hazards of the die.

Senator Forsyth replied to Mr. Clay.

The avowed object of the bill would meet with universal approbation. It was a project to harmonize the people, and it could have come from no better source than from the gentleman from Kentucky: for to no one were we more indebted than to him for the discord and discontent which agitate us.

The Senator from Kentucky says the tariff is in danger; aye, sir, it is at its last gasp. It has received the immedicable wound; no hellebore can cure it. The confession of the gentleman is of immense importance. Yes, sir, the whole feeling of the country is opposed to the high protective system. The wily serpent that crept into our Eden has been touched by the spear of Ithuriel. The Senator is anxious to prevent the ruin which a sudden abolition of the system will produce. No one desires to inflict ruin upon the manufacturers; but suppose the South-

ern people, having the power to control the subject, should totally and suddenly abolish the system; what right would those have to complain who had combined to oppress the South? What has the tariff led us to already? From one end of the country to the other, it has produced evils which are worse than a thousand tariffs. The necessity of appealing now to fraternal feeling shows that that feeling is not sleeping, but nearly extinguished.

Senator Calhoun said: Entirely approving of the object for which this bill was introduced, he should give his vote in favor of the motion for leave to introduce. He who loved the Union must desire to see the agitating question brought to a termination. Until it should be terminated, we could not expect the restoration of peace or harmony, or a sound condition of things, throughout the country. The general principles of this bill received his approbation. He believed that, if the present difficulties were to be adjusted, they must be adjusted on the principles embraced in the bill, of fixing ad valorem duties, except in the few cases in the bill to which specific duties were assigned. He said that it had been his fate to occupy a position as hostile as anyone could, in reference to the protecting policy; but, if it depended on his will, he would not give his vote for the prostration of the manufacturing interest. A very large capital had been invested in manufactures, which had been of great service to the country; and he would never give his vote suddenly to withdraw all those duties by which that capital was sustained in the channel into which it had been directed. There were some of the provisions which had his entire approbation, and there were some to which he objected. But he looked upon these minor points of difference as points in the settlement of which no difficulty would occur, when gentlemen meet together in that spirit of mutual compromise which, he doubted not, would be brought into their deliberations, without at all yielding the constitutional question as to the right of protection.

Senator Webster.—It is impossible that this proposition of the honorable member from Kentucky should not excite in the country a very strong sensation. If I understand the plan, the result of it will be a well-understood surrender of the power of discrimination, or a stipulation not to use that power, in the laying duties on imports, after the eight or nine years have expired. The honorable member admits that, though there will be no positive surrender of the power, there will be a stipulation not to exercise it; a treaty of peace and amity, as he says,

which no American statesman can, hereafter, stand up to violate. For one, sir, I am not ready to enter into the treaty. I propose, so far as depends on me, to leave all our successors in Congress as free to act as we are ourselves.

The honorable member from Kentucky says the tariff is in imminent danger; that, if not destroyed this session, it cannot hope to survive the next. This may be so, sir. But, if it be so, it is because the American people will not sanction the tariff; and, if they will not, why, then, sir, it cannot be sustained at all. I am not quite so despairing as the honorable member seems to be. I know nothing which has happened, within the last six or eight months, changing so materially the prospects of the tariff. I do not despair of the success of an appeal to the American people, to take a just care of their own interest, and not to sacrifice those vast interests which have grown up under the laws of Congress.

Senator Webster then introduced the following resolutions, setting forth his tariff principles:

Resolved, That the annual revenues of the country ought not to be allowed to exceed a just estimate of the wants of the Government; and that, in making this reduction, just regard should be had to the various interests and opinions of different parts of the country, so as most effectually to preserve the integrity and harmony of the Union, and to provide for the common defence and promote the general welfare of the whole.

But, whereas it is certain that the diminution of the rates of duties on some articles would increase, instead of reducing, the aggregate amount of revenue on such articles; and whereas, in regard to such articles as it has been the policy of the country to protect, a slight reduction on one might produce essential injury, and even distress, to large classes of the community, while another might bear a larger reduction without any such consequences; and whereas, also, there are many articles, the duties on which might be reduced, or altogether abolished, without producing any other effect than the reduction of revenue: Therefore,

Resolved, That, in reducing the rates of duties imposed on imports, it is not wise or judicious to proceed by way of an equal reduction per centum on all articles; but that, as well the amount as the time of reduction ought to be fixed, in respect to the several articles, distinctly, having due regard, in each case, to the questions whether the proposed reduction will affect

revenue alone, or how far it will operate injuriously on those domestic manufactures hitherto protected; especially such as are essential in time of war, and such, also, as have been established on the faith of existing laws; and, above all, how far such proposed reduction will affect the rates of wages and the earnings of American manual labor.

Resolved, That it is unwise and injudicious, in regulating imposts, to adopt a plan which shall, either immediately or prospectively, reject all discrimination on articles to be taxed, and which shall confine all duties to one equal rate per centum on all articles.

Resolved, That, since the people of the United States have deprived the State governments of all power of fostering manufactures, however indispensable in peace or in war, by commercial regulations, or by laying duties on imports, and have transferred the whole authority to make such regulations, and to lay such duties, to the Congress of the United States, Congress cannot surrender or abandon such power, compatibly with its constitutional duty; and, therefore,

Resolved, That no law ought to be passed on the subject of imposts, containing any stipulation, express or implied, or giving any pledge or assurance, direct or indirect, which shall tend to restrain Congress from the full exercise, at all times hereafter, of all its constitutional powers, in giving reasonable protection to American industry, countervailing the policy of foreign nations, and maintaining the substantial independence of the United States.

Although the Compromise Tariff was intended for perpetuity it failed to outlive even the first of its two parts—that which provided for the protection of manufactures for a term of nine years. It expired in 1841. During the following year a new tariff act was passed, by which the average rate of duty was raised to about 33 per cent.

CHAPTER VII

The Walker Tariff

[Acts of 1846 and 1857]

The Tariff Act of 1846 (Proposed by Robert J. Walker, Secretary of the Treasury)—Surplus in Treasury in 1857—Bill to Reduce Duties on Raw Materials Introduced in the House—Debate: in Favor, Nathaniel B. Durfee [R. I.], William W. Boyce [S. C.]; Opposed, Benjamin Stanton [O.], Justin S. Morrill [Vt.]—Bill Is Passed in the House—Robert M. T. Hunter [Va.] Proposes a Substitute in the Senate Embodying the Principle of Horizontal Reduction—Debate: Speakers of Varying Views, Sen. Hunter, Jacob Collamer [Vt.], George E. Pugh [O.], Henry Wilson [Mass.], William H. Seward [N. Y.], Robert Toombs [Ga.], Andrew P. Butler [S. C.]—Hunter's Substitute Is Adopted—Bill Is Passed in Both Houses and Approved by President Pierce.

DURING 1842 revenues had so decreased as to be insufficient for the support of the Government. From this period down to 1846 various remedial plans were advanced but none was adopted.

Robert J. Walker, Secretary of the Treasury under President Polk, soon after his advent in the Cabinet prepared an able and exhaustive report upon the tariff, laying down the following principles:

(1) That no more money should be collected than is necessary for the wants of the Government, economically administered; (2) That no duty be imposed on any article above the lowest rate which will yield the largest amount of revenue; (3) That below such rate discrimination may be made, descending in the scale of duties, or, for imperative reasons, the article may be placed in the list of those free from all duty; (4) That the maximum revenue duty should be imposed on luxuries; (5) That all minimums and all specific duties should be abolished, and *ad valorem* duties substituted in their place, care being taken to guard against fraudulent invoices and undervaluation, and to assess the duty upon the actual market value;

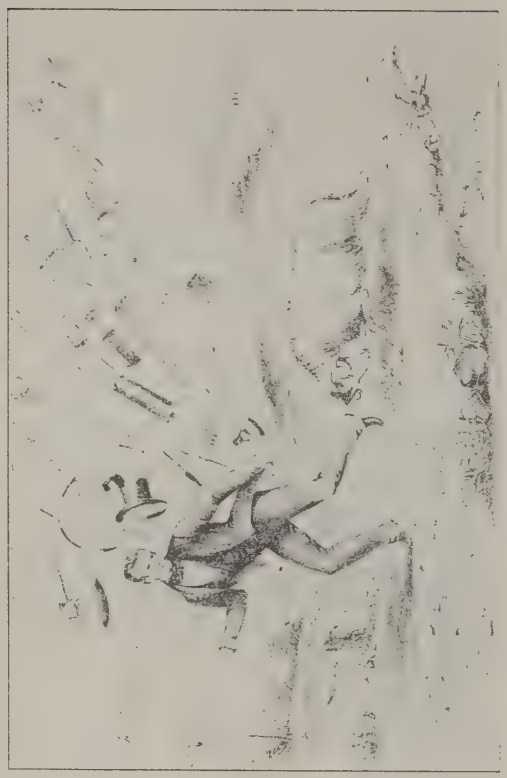
(6) That the duty should be so imposed as to operate as equally as possible throughout the Union, discriminating neither for nor against any class or section.

In accordance with these principles the tariff of 1846 was passed by Congress. This tariff approached nearer to a free trade policy than any in the history of this country. It was called "a revenue tariff with incidental protection," yet, according to Prof. William G. Sumner, of Yale, under it the manufacturers made "steady and genuine progress. Industrially and economically," he said, "it was our golden age. The balance of the trade was never more regular and equal."

There were eight schedules, each with its own *ad valorem* rate of duty, ranging from 5 per cent. on raw materials of manufacture to 75 per cent. on spirits, the average being 25 per cent.

The protectionists made futile attempts at various times between 1846 and 1857, when the tariff was next revised, to modify the act, and, indeed, to change its fundamental character, substituting the *specific* principle for the *ad valorem* in a number of schedules.

Under the tariff of 1846 such a surplus accumulated in the Treasury by 1857 that the circulating medium of the country was reduced in amount below the needs of business. There arose a general demand for a reduction of this surplus. The manufacturing interests appealed to Congress for a reduction or abolition of duties on raw materials; the agricultural interests then became alarmed, and demanded that the duty be retained on these and that it be reduced on manufactured articles. The chief contention was over wool and woolen goods. After a long discussion, extending from the middle of January, 1857, to the close of the session (March 3), a new tariff bill was passed by which the average duty was lowered to about 20 per cent. *ad valorem*. It was denounced by its opponents, who hailed chiefly from the West and such wool-growing States elsewhere as Vermont, as the result of a selfish combination of Southern hemp and sugar producers, Pennsylvania iron-masters, and New England woolen manufacturers. The manufac-



TOLK VS. WOOL, OR THE HARRY-CANE
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turers denied that it was a blow at the wool growers, claiming that, on the contrary, by building up the cloth-making industry in this country, it would create a great home market for wool of every grade.

Raw *vs.* Manufactured Products

House of Representatives, January 14-February 20, 1857

On January 14 Nathaniel B. Durfee [R. I.] spoke as follows in favor of the manufacturing interests:

By the report of the Secretary of the Treasury [James Guthrie], it appears that the national revenues exceed the exigencies of an economical national expenditure by from sixteen to eighteen millions of dollars.

Two modes of reduction are proposed by the Secretary of the Treasury, and are understood to be favored by the Administration: first, the admission of the raw materials of manufactures duty free; second, the admission of some articles of general consumption duty free, and a reduction of the duties upon others of that description, of some seven or eight millions of dollars. It is on the former of these two modes of reduction that I wish to make a few remarks.

The great manufacturing nations of Europe admit the raw materials of their manufactures free of duty. Now, this alone gives them a manifest and uncompensated superiority over us in all foreign markets; for, other things being equal, it is plain that the manufacturer who can procure his raw material at the cheapest rate can furnish the manufactured goods at the cheapest rate; and, therefore, under such circumstances, the manufacturer who can procure his raw material free of duty can afford to undersell the manufacturer who has to procure his raw material burdened with a duty, and exclude him from any market where both present themselves upon an equal footing. The difference in the cost of production per yard may be infinitesimally small, but in the result it is all the difference between the keeping and the losing of a market. Now, insofar as this difference depends upon the enhancement of the cost of raw materials by duties, is it clearly nothing more than common justice to remove it by the repeal of the duties unless there be some cogent reason for retaining them—as a part of the necessary revenues, or for the protection of some interest

which has an equal or greater claim than that of manufactures? In his greater abundance of capital and labor the foreign manufacturer has surely advantages enough without any assistance from our own Government. But notwithstanding these advantages, the proximity of the West Indies, and of South and Central America, would enable us to compete for these markets, at least in those coarser descriptions of manufactures, in the cheapness of producing which we already rival them, were it not for this duty upon raw materials.

The removal of this duty, then, will place us on the footing of equality with foreign manufactures in the procurement of the raw materials of manufactures. But the foreign manufacturer still has the advantage over us in the cheaper rates of money and of labor—so great that he can even drive us out of our own markets in many styles of manufactures unless we secure to ourselves some counterbalancing advantage in the shape of duties upon manufactured goods. Such a counterpoise the Secretary of the Treasury promises in the imposition of an adequate revenue tariff. Now, if the system will accomplish this, it is all that the American manufacturer can ask; it is all that the reasonable portion of them have ever asked. What they have sought, under the offensive appellation of protection, comes to them divested of its repulsive features in the prepossessing guise of revenue. That it comes in a form eminently calculated to win the favor of all classes and parties, and therefore to acquire the invaluable attribute of permanence, I am also convinced.

But objections have been raised to this system which are worthy of consideration. Under its operation foreign wool would cease to be a dutiable article. Now it is feared if the duty be taken off the raw material that, although the importations of woolen manufactures would diminish, yet the importation of the wool itself would increase in a far greater proportion and lead to a great and ruinous declension in the prices of domestic wool. If such would be the operation, it would be to favor the manufacturer at the expense of the producer, or, what is still worse, the foreign producer at the expense of the home producer.

But would such be the effect of the repeal? It is well known that certain qualities of wool cannot be grown in the United States. Our climate, our soil, or the culture of our flocks, is such as not to admit of its production. The experiment has been repeatedly tried, and never, I believe, with more than a very imperfect success. And there are certain styles of woolen

manufactures in which some admixture of these foreign wools is indispensable to give them the proper fiber or the proper finish. The duty, then, as it exists at present, does not even promote the interests of the wool grower, but by checking or destroying the manufacture of all cloths which require an admixture of foreign wool is an absolute injury to him.

What we want is a reliable, steady, increasing home market, and that a repeal of the duties on wool will instantly create. The mills will be built, the spindles and the looms abide our bidding, the labor is already on our shores, or waiting an invitation to immigrate; with us only it remains to speak the word, and, with a wonder-working potency more marvelous than the magician's spell, to gladden a thousand villages with the hum of happy industry, and whiten far and wide the grassy slopes and hillsides of our extended land with millions of bleating flocks.

On February 5 Benjamin Stanton [O.] presented the case of the wool growers.

He expressed surprise that the manufacturing interest was now considered the only branch of industry requiring protection. As to the ten per cent. duty proposed on wool he did not believe it would afford the wool-growers any protection whatever. And was their protection not necessary to the independence of the country? If the wool-growing interests were broken down, and manufactures sustained on imported wool, how, in the event of war, could we supply ourselves with the necessary woolen fabrics? He said further: it is laid down as a sound principle by intelligent agriculturists that the annual animal productions of any country should equal in value its annual vegetable productions in order that the fertility of the soil may be maintained. Hence, the production of wool is an indispensable article for scientific and profitable tillage.

In regard to the abolition of the duty on wool, he wondered in what respect the wool-grower was to be benefited. It has been argued, he said, that the repeal of this duty will send the manufacturer abroad into the markets of the world; it will increase the demand for wool, and that the foreign manufacturer will be compelled to pay an increased price for it, and that consequently he must get an increased price for his cloth, which will enable the domestic manufacturer to compete with him. But here is the fallacy: the manufacturers assume that the whole population of the country that consume woolen

goods is to pay an increased price for them. How far that will commend it to the favorable consideration of the committee is a question I leave them to determine. But the idea is utterly impracticable.

Mr. Stanton denied the truth of the assertion that all kinds of wool cannot be produced in this country. He gave an instance showing that a Maine manufacturer had made from Silesian wool a piece of cloth which took first prize at the World's Fair in London (1851).

He said in conclusion that the manufacturers must stand side by side with the wool-growers if they looked toward the preservation of both.

On February 5 Justin S. Morrill [Vt.] upheld the principle of protection.

It is generally conceded that we are to support the Government by revenue duties with moderate discriminations for protection. The absurdity that a duty levied upon imports is a tax *pro tanto*[1] upon exports no longer requires grave refutation. The project of a horizontal tariff—shutting our eyes to all discrimination whatever—has never yet been but *once* attempted, and never sustained with the sole object of an equalization of taxation. Nor will direct taxes ever be levied while the present provision in the Constitution stands for their apportionment. Even Secretary Walker, with all his transcendental vagaries, discarded the horizontal theory.

In my judgment *ad valorem* duties are the worst possible for either revenue or protection. They are expensive in the administration—variable at every custom house—subject to systematic frauds—offering *most* protection when prices are highest and require the *least*—and then affording the *least* protection when prices are lowest and require the *most*. *Specific* duties, on the contrary, dispense with the whole crowd of custom-house appraisers and experts, and are therefore cheaply administered—not liable to cheats, and are uniform and certain, as well for revenue as protection.

I stand on the principle of protection—moderate but certain—such as a wisely adjusted revenue tariff will abundantly afford. I am for ruling America for the benefit, *first*, of Americans, and for the "rest of mankind" afterwards. American labor has the right to find employment and reward at home. American capital has the right to some security invested in the

[1] Correspondent tax.

development of the vast resources of our country. American skill should have sufficient encouragement to pursue "the track of glory" under our own flag.

I am aware there are some who would place wool at once on the free list. The agriculturist scarcely needs protection on anything save wool. In other things he only receives the indirect benefit of having some portion of agricultural competition withdrawn by being employed in other industrial pursuits. His cordial coöperation is expected to protect everybody else, but when the sole opportunity arrives of giving him a small boon he is told that, although he has been badly treated for ten years past or more, he must now offer himself up as a sacrifice.

> "But still the great have kindness in reserve;
> He helped to bury whom he helped to starve."

Those who urge that wool should be admitted free of duty start off with the sober assurance that the effect will be to raise the price of wool, and they assert in the next breath that the home manufacturer cannot prosper because he cannot obtain wool as cheap as the foreign manufacturer.

Now the only rise that would be likely to occur would be in consequence of American wool-growers abandoning the business and slaughtering their flocks. Deserted by their Government, why should they struggle longer? The manufacturers would find themselves disappointed in their sanguine expectations. Their domestic sources for supplying the raw material would be cut off and they would speedily be at the mercy of foreign production and foreign legislation. Should woolen manufactures fail under such circumstances as these, it would be a hopeless task to attempt their revival.

We are cited to France and to England as examples which we should follow; and it is said that wool has risen in price in those countries in consequence of the abolition of all duties thereon. Now, it is notorious that the consumption of wool over all Europe has overtaken supplies. The production has not kept pace with the demand. The prices, therefore, have risen, but not by any means so much as represented, and perhaps not more than other products of the world within the same time. The influx of gold also into the commercial world from Australia and California has raised the value of all kinds of property within the last six years from twenty-five to forty per cent. Now, the fact is, as I understand it, that wool is not admitted entirely free of duty into France, but woolen goods

are absolutely prohibited. This gives the home market to the French manufacturer exclusively. For this she has fiercely struggled for two centuries. That sort of legislation would be perhaps satisfactory to both the American wool-grower and manufacturer, but it is not proposed.

Take the next case, that of England. By a system of protection the most marked and persistent ever yet witnessed, commencing in the reign of Edward III, she has reached the goal she aimed at—capability of underselling in all markets—and can safely challenge the world to meet her on the footing of free trade.

The manufacturers of England have no further step to take in the march of protection. Sir Robert Peel led them to the summit. As omnipotent as Parliament may be, it has no more power to exert in their behalf.

Such being the position of England, now, in "the bone of manhood," I submit that it is preposterous to force America, but "yet in the gristle" to adopt the same legislation which may be proper for Great Britain and all her colonies. You might as well enter a grass-fed three-year-old colt on the race course against a thoroughbred and well-trained English race horse. Naked competition must end in the extinguishment of special pursuits, or the reduction of American labor to the English level, and I am inflexibly opposed to either result. Nobody who does not desire to see the labor of this country degraded can advocate such a proposition.

Again, it is urged that we need not fear competition with England or Europe in raising wool, because our land is so much the cheapest. Those who make this statement lose sight of the vast plains and steppes of Russia, South America, and Australia, where single individuals own flocks of from ten thousand to sixty thousand, and where the cost of keeping them the year round is confined to a few shepherds and a few dogs.

It is stated that the wool-grower has been protected for the past ten years, but I deny the fact. Whenever the rate of duty upon woolens is less than that on wool, the latter receives no protection, because the former will be imported and crush both the wool-grower and the manufacturer. Our present tariff, as was obvious at its birth, and as it is now conceded by the present Secretary of the Treasury, has operated to discriminate against woolens, and, if against woolens, of course against wool.

I know of no other way of protecting wool but by putting the manufacturer's wheels in motion. To do this the duties on woolens must be higher than upon wool. When this is done

to a reasonable extent, and when all, or nearly all, dye stuffs are admitted free of duty, then I think the manufacturer should say, "Hold, enough!"—and, if he attempts anything more, he may "go a wool-gathering and come home shorn."

The gentleman from Rhode Island [Mr. Durfee] the other day stated that "what we do want is a reliable, steady, increasing home market." Exactly. I agree with him. But he is for opening our ports, so far as wool is concerned, to the competition of the world. Is that the way to give the wool-grower a home market? If you entirely prohibited the introduction of woolen manufactures, that would give us the home market, and the wool-growers would need to ask no other protection. That is what France does to-day, and when she recently proposed to remove the prohibition even that was coupled with a provision for a *bounty* upon all cloths exported. If we tax cloths and afterwards find France pays a bounty equal to our tax, what protection would be realized?

The policy I have indicated would in the end be most to the advantage of the manufacturer—securing to him a home supply of the raw material and shielding him from the annual fluctuations of foreign markets and foreign hostile legislation, and it is fluctuations he has most to dread—not high prices of wool.

Without the production and control of the primary necessities of life we must remain the vassals of those who are the arbiters of our supplies. All admit that in war we should make our own cannon and our own gunpowder. Unless war be the natural state of man, and in proportion, as the years of peace are greater than those of war, it is quite as important that we shall be independent in peace as in war. Food and clothing are not less indispensable in peace than in war.

Such articles, then, of primary necessity, as there is any hope of successfully producing, should be waked into life—nursed into perennial vigor—by moderate and steady discriminations in their favor so long as their condition makes it proper, or so long as there is a probable chance of ultimate success.

On February 10 William W. Boyce [S. C.] opposed the principle of protection.

The report from the majority of the Committee of Ways and Means rests upon the idea that the protective policy is a wise policy and that the tariff should be modified in subservience to that policy. I wish to examine that question, and

if I destroy the foundation upon which the report rests then the superstructure erected upon it must fall to the ground. To put the argument in the most striking and comprehensible light, I will state it in a simple and practical form. Certain persons wishing to go into manufacturing ask Government to aid them in a business naturally unprofitable by preventing the consumers of the country from buying foreign goods cheap in order that those consumers may be compelled to buy their goods dear. These are the three propositions necessarily involved in the demand for protection. Let us examine them.

As regards the first proposition, Government is asked to aid men in embarking in an unprofitable business. If it were profitable no application would be made to Government for aid. Assuming, then, that the proposed business is unprofitable, what course ought Government to take? Is it not plain that, if it did anything, instead of aiding persons to go into an unprofitable business, it should rather discourage them from it? For it must be observed that Government does not by its action increase the capital of a country; it can only give a new direction to it. The capital of a country, then, remaining the same, I insist it is unwise for Government, as a mere question of political economy, to aid in turning any portion of the capital of a country into an unprofitable channel, because, in the degree that the rate of profit upon the capital thus unprofitably directed is below the average rate of profits of the capital of the country generally, to that extent there is an absolute loss to the productive energies of the country. Therefore, it is unwise in any country to turn capital into any channel yielding a less rate of profit than the average of profits of the country. But such a policy is peculiarly unwise with us, having, as we do, a new, vast, and undeveloped country, needing only the application of capital and energy to produce the grandest and most profitable results.

As regards the second proposition, that the consumers should not be allowed to buy foreign goods cheap. I shall not dwell upon the injustice involved in this proposition, though it strikes me as a direct attack upon the right of property and the right of labor to prohibit a man from buying or selling to the best advantage. To the extent that he loses by your prohibition, to that extent you have confiscated the fruits of his industry. It is true, we are often told by the monopolists that it is ruinous to buy cheap foreign goods. But I can hardly conceive of a more monstrous fallacy than this idea. To show its infinite absurdity, let us suppose that foreign countries, instead

of selling us their goods cheap, should give them to us. What would be the consequence? Why, our utter ruin, for if it is injurious to buy cheap, of course it would be utter ruin to get for nothing. Such is the logical conclusion to which this argument necessarily tends—a consequence so absurd I shall not dwell longer upon it.

Now for the third. In order that these manufacturers may succeed, they require you to make the consumers of the country purchase from them at a price enhanced to the extent of the duty on the foreign article. What justice is there in that? Why is it that one portion of the people should be compelled to buy from another portion, and a smaller portion, at a higher price than they could buy elsewhere? Why should the great body of the American people be required to pay in the enhanced price an indirect tax to the manufacturers? Is there any justice in it? If you ask what are the profits of the manufacturers, the reply is, "they do not make more than six or seven per cent." After the honorable gentleman from Rhode Island [Mr. Durfee] made his speech two weeks ago upon the subject of free wool I asked him what were the profits of the woolen manufacturers? He said that the woolen manufacturers were losing money, but that the cotton manufacturers said they were making six per cent. What is the result, then? Why, the great mass of the people have been made poorer to assist these men in making average profits. As the indirect tribute levied from the consumers by the manufacturers only raises their profits to the average profits of the country, it follows, then, that this indirect tribute is a total loss to the productive energies of the country, and the effect is the same thing to the country as if, under a free trade policy, this amount had been thrown into the sea.

I have thus gone through with the three propositions involved in the demand for protection; as they are all fallacies, it follows that the system resting upon them is also a fallacy.

I look to free trade and direct taxation as our ultimate and inevitable policy. By taking one approximating step afterwards we will be in a condition to attain the great point of free trade without any sudden convulsion.

If I could have modified the tariff exactly to my ideas I should have put the duties on articles of necessity below twenty per cent., at the lowest possible revenue standard, and luxuries I should have put at thirty per cent. In this way I would have sought to carry out, as far as possible, under an indirect system of taxation, the idea of relieving the indus-

try of the country from taxation, and of throwing it upon property.

There is one further modification I should be willing to make in the tariff if it were reduced in good faith strictly to the revenue standard—that is, to put wool and other raw material in the free list. The effect of taxing the raw materials is that the consumer is compelled to refund the tax with interest to the manufacturer who has advanced it.

I am through; it is for the committee to say what shall be done.

Those representing the manufacturers would, I think, act wisely to consent to a reduction of duties, for the longer reduction is deferred the larger will be the surplus, and the more sweeping the reform. Besides revenue duties with the raw material free put manufactures on as good a basis as they could desire, and this point could, I think, be carried. Further, the manufacturers would find an increased demand arising from the general prosperity of the country following upon low duties. Besides, too, our manufacturers should look to the great and valuable markets of the world where gold is to be had for the gathering.

To those representing the agricultural interests I would ask what possible motive can you have to maintain the protective policy, as your interest clearly demands freedom of exchanges, and the markets of the world?

To those representing commerce I would ask: what is commerce but exchanges? To reduce duties and free exchanges is therefore to bid commerce "live and move and have its being." You gentlemen who represent the imperial city of New York should be clamorous on this subject. New York City is commerce personified. Free exchanges, and you magnify and aggrandize New York beyond the power of language to describe.

To the Democratic party I would appeal to emblazon the great ideas of free trade and low taxes on their historical banner. Cease to vex the ear of the country with infinite repetitions of the occult meanings of past measures. Seize a living, vital, actual, practical truth, and enforce it as your creed. "Free trade, anti-monopoly, equality" are the watch words for you. They appeal to the self-interest of every individual, and they fill the imagination with magnificent ideas of the future grandeur of the Republic.

Take up the great ideas of free trade, for under that sign you shall surely conquer.

Horizontal Reduction vs. Discriminating Protective Duties

Senate, February 26, 1857

When the bill came to the Senate Robert M. T. Hunter [Va.], on February 26, moved as a substitute a general horizontal reduction of duties on the *ad valorem* principle.

If it be true, and I hold it to be so, that there is pressing necessity for reducing the revenue, and that it can be done with little injury even to those interests that are called the protected interests, the question arises, in what way is it to be done? It is obvious that, in the short period of the session which is left to us, there is no mode in which it can be effected except to take some established idea in the public mind and modify that. It seems by general consent to have been thought, and in that I concur, that the only plan of molding a measure which may pass would be to take the tariff of 1846 and modify its schedules. It is our duty so to proceed in modifying it as to protect from sudden injury the interests which have grown up under it.

The proper system to which we should endeavor to come is a system of duties laid for revenue alone, and laid according to the true principles of taxation. If we desired to raise all the money that the imports would furnish according to this system, we should find that duty which would make each article yield the greatest revenue. Having ascertained those duties—if we did not desire to obtain all that it furnished—we should modify the duties ratably, so as to give us what we wanted, but at the same time we do this we must do it according to the true principles of taxation, which require that we should lay the tax, not on production, but on consumption. That is a principle adopted in all countries in which there is a wise system of legislation; and it is adopted because, if you lay the tax upon production, the people have to pay a great deal more than ever goes into the treasury; and because, when you lay it in that mode, you run the danger of disturbing the equilibrium of the great industrial pursuits of the country, and turning some which are naturally profitable out of their usual and accustomed channels; whereas, when you lay the duty on the article when ready for consumption, the Government gets all the duty minus the expenses of collection.

It follows, as a result of that principle, that, in regard to all those articles for which there would be no demand except such as was made by the manufacturers themselves, there should be no duty, and those should be free. Upon all articles on which you lay a duty for revenue it should be laid only for revenue purposes. Articles for which there is no demand except that which the manufacturers themselves create should be free, because we should thus cheapen the price to the consumer, and because, too, it would enable us to avoid the risk of disturbing, through our revenue system, the natural equilibrium of the various branches of productive industry.

But in proceeding to that great end I desire to go gradually. I desire to act upon a principle which is just alike to the consumer and the manufacturer; which, in short, enables the consumer to buy more cheaply both at home and abroad, because it not only diminishes the duty upon imports, but also lessens the cost of production to the domestic manufacturer. To diminish the cost of production by reducing taxation is, after all, the most legitimate protection which a Government can give to its home industry. While, then, I reduce the duties on those articles which the mass consume, I will reduce *pari passu* the duties on those chemicals, dyestuffs, etc., which the manufacturer uses, so that by proceeding on this process of reduction, when we come to the point where we have none but revenue duties on those articles consumed by the masses, we shall have the raw material, for which there is no demand save that produced by the manufacturer himself, free. Widely different is this in principle from a free list which includes articles of general consumption and fit subjects for taxation, for to make them free is to throw the whole weight of taxation upon those articles which come into competition with domestic manufactures, and to prevent those duties from ever falling to the revenue standard.

The modification which I offer will be an improvement on the act of 1846. I propose to reduce the one hundred per cent. schedule to a thirty per cent.; to reduce the forty per cent., the thirty per cent., the twenty-five per cent., and the twenty per cent. schedules one-fourth, or nearly one-fourth—that is to say, the forty per cent. to thirty, the thirty to twenty-three, the twenty-five to nineteen, and the twenty to fifteen. The lower schedules which are comparatively unimportant I propose to reduce one-fifth.

But it was not my purpose, nor do I think it would be right, to give to the manufacturer all that he desires to have

free, while you tax the consumer upon a long list of articles with duties above the revenue standard. I think the two ought to go together, and I believe the substitute which I offer will accomplish that in a great degree. But how is it to operate on the great protected interests of the country? All those which have been heretofore considered as among the protected interests are in the twenty-three per cent. schedule. There you find iron, sugar, hemp, the manufactures of wool, and the finer manufactures of cotton.

Now, I ask which of these interests is it that need be afraid of foreign competition with such a protection as this? Surely not the wool interest. The woolen manufacturer gets his dyestuffs either free or at a reduced rate of duty. That is worth something to him, so that he stands in a better position than he did under the tariff of 1846. Who else, then, is there to whom I shall appeal? Is it the grower of the raw material of wool who is reduced from thirty to eight per cent.? It is manifest that if the wool-grower demands protection he admits that he cannot sell abroad. If he cannot sell abroad he cannot sell at home unless there be a home market—that is, unless the manufacturers of wool can succeed. He depends on them for that market, where he has advantages in supplying it. Now, it is known that with the thirty per cent. on the raw material the finer broadcloth factories have gone down, and that this rate of duty on the raw material has crippled and restrained the progress of the woolen manufacturer. There is reason to believe that, by diminishing this duty and allowing the manufactures to go on, you will produce a still greater demand for domestic wool. The reason is that, in order to use for certain purposes the qualities of wool which we mostly produce, we have to import finer wool to mix with them. We find it profitable, too, to import the wools of South America, which enable our own to receive the dyes better than they would without the admixture. But it is obvious that the wools which we raise for the most part stand in no danger of foreign competition. Thus the raiser of raw wool, so far from being injured, will be benefited by the change I propose.

Sir, I believe that the effect of such a change as that which I propose, a general reduction of something like one-fourth in the taxes laid on the people, will be to remove the heavy weight which now lies on the spring of productive industry, and to send forward all our great industrial pursuits as with a bound. The navigator will launch more ships on the ocean, the cotton planter will put out a larger breadth of his crop, the

farmer will increase his fields, the grazier his herds, the manufacturer his spindles—yes, sir, and even the sheep master will stock his pastures and his walks with larger flocks. These great interests will grow, not at the expense of each other, but with mutual support and sympathy. The increase of one will but extend the market for another. Auxiliaries, and not adversaries, they will live and thrive together.

The bill as sent from the House of Representatives proposes that whatever advantages are to be derived from its operation shall be given to the manufacturer alone, making his raw material free, and keeping the existing rate of duties on everything else; the consequence of which must be that, when the necessity arises again for reducing the duties and changing the system, it will be to the interest of all manufacturers to combine, and resist any change; while, as long as we preserve something like the principle of which I have been speaking, it will be to the interest of the manufacturer, as well as of the consumer, to make reductions and changes when the revenue system begins to weigh too heavily upon the country. If this should prove to be heavy upon the one, it will scarcely be light upon the other. The manufacturer will gain as much by reducing the duty upon the raw material as he may suppose he loses by a reduction of that upon the manufactured article. Thus we may hope for something like harmony of effort.

Jacob Collamer [Vt.] spoke in favor of a protective duty on wool.

I advance, as an initial principle, that you cannot successfully, by any forms of financial protection in the way of tariffs, force into ultimate success and permanent prosperity any manufacture which depends for the supply of its materials upon foreign countries. That is hot-bed, forced protection. If it has to depend on the foreign supply for the raw material, the manufacture never can succeed if it be a necessary of life.

The bill of the House of Representatives provides that all wool costing fifty cents a pound or over shall be on the free list. It seems to me that will amount practically to letting in all wool free. The Secretary of the Treasury says so in his report. He says the very fine and the very coarse ought to be let in free; but that the probability is, such a law would be very difficult of execution, and might amount to nothing at all. I strongly suspect that will be made practically to bring the maximum and minimum together, and the result will be to admit

all wool free of duty. If we ever mean to go on with any probability of success in manufacturing our woolens, and especially those of good quality, the protection to the material furnished in the country, and the protection to the manufacturer on the woolens, should keep pace *pari passu*. The Senator from Virginia says the reductions ought to keep pace; but how prettily has he verified that in his proposition! He has actually produced here to you a bill which he proposes to substitute for the House bill, reducing the duty on all wool to eight per cent., and reducing the duty on woolen goods from thirty to twenty-three per cent. That he calls *pari passu!*

Sir, if we ever expect to succeed and render ourselves an independent people as to our manufactures, so as not to be dependent on a foreign supply which may be cut off in war, or at any time their caprice may dictate, we should keep our duty *pari passu* on the raw material and on the manufactured article.

For these reasons, in my opinion, the House bill admitting free of duty fine wools above fifty cents a pound ought to be struck out, and that provision for letting in coarse wools free of duty ought to be perfected by striking out that part which excludes them if they have thirty-three per cent. of dirt, because that will shut them out. If you reduce the duty on woolens we cannot expect that you will keep it at its present rate on wools; but do not reduce the woolens from thirty to twenty-three, and wool from thirty to eight per cent.

I look on this whole process of changing the tariff at the present moment as temporary—I will not say temporizing. The exigencies of the moment, which press on the people in regard to the surplus in the treasury, are such that they wish to reduce the revenue.

Now, the problem of reducing duties so as to reduce the revenue is altogether too uncertain to speak of. There are so many considerations, so many elements entering into it that you cannot calculate with certainty. By reducing the duty you increase importations under certain circumstances, and again you may reduce the duties and yet reduce your importations and still increase your revenue, because of the rise of the price of the article.

Again, you may reduce revenue by increasing the duties. This, however, is altogether an experiment. It is entirely uncertain whether you will do it or not. It may be that you will increase your revenue or decrease it. You may even let the duty stand as it is, and import precisely as much as you did last year, and yet have a revenue greatly increased or greatly di-

minished, but especially increased, because the tendency of prices is to rise. The surplus which you now have in the treasury is not the natural and ordinary result of commerce, or of the increase of our people; it is the result of the increase of gold. I do not say there is no other element; but that is the largest element in the composition that has increased the price on everything you import. Your duties are laid *ad valorem;* and, as prices of articles rise, your revenues increase without your increasing your importations. The House bill increases the free list, and therefore it diminishes the revenue. The effects of any other changes are exceedingly problematical. The probability is that the scale of the Senator from Virginia, or the scale fixed by our Finance Committee, would increase the revenue.

George E. Pugh [O.] also spoke in favor of protecting the wool growers:

Mr. President, I do not like the principles on which this revision of the tariff has been undertaken. I am not in favor of an extensive free list. I desire to approximate equality in taxation. I believe that the Government has no rightful authority to take one dollar from the pocket of any citizen, except for its legitimate and necessary expenses, and that those expenses ought to be reduced within very narrow bounds. I wish to see this a Government of small income—one which shall be compelled to husband its resources throughout each fiscal year, lest the public expenditure should exceed the public revenue. Then, sir, we will have economy in the Government, and with it a prosperous people and honest public servants. In levying the amount thus required, I wish to see no preference of classes, interests, or individuals, one above another. For this reason, when it is proposed to reduce the amount of the Federal revenue, I object to laying a feather upon the manufacturer, and a weight upon the agriculturist.

Henry Wilson [Mass.] spoke for the manufacturing interests.

At this time, when the great interests of the nation depend upon the proper adjustment of the duties upon imports, the woolen manufacturers present their condition to the attention of Congress—to the consideration of American statesmen. They tell you, Mr. President, and they tell you truly, that the tariff of 1846 has borne heavily upon their interests. They tell you,

and they tell you truly, that, under the operations of the tariff of 1846, the manufacture of the *finer* and *better* classes of woolens has almost entirely ceased—that one by one the mills for the manufacture of these finer and better classes of woolens have been compelled to succumb—that hundreds of thousands of dollars invested in these mills have been lost—that, even in the manufacture of the coarser qualities of woolens, hundreds of thousands of dollars have been sunk. They point you, sir, to many of their mills in which at least fifty per cent. of the original investments has been sacrificed, under that policy which has increased your importations of woolen goods from nine millions in 1846 to more than thirty-four millions in 1856—a policy which discriminates against the manufactures of our own country by taxing the raw material higher than the manufactured article—a policy which practically offers a bounty to the manufacturers of all nations which have the raw materials free to command our markets, and increase their wealth and power at the expense of our wool growers and manufacturers. They ask you now, in the adjustment of the tariff, to adopt the policy of admitting duty free the raw materials, the wools, the dye stuffs, and all those articles which enter into manufactures. They ask you to abandon that suicidal policy which places a higher duty upon wool than you place upon the manufactured article, and to adopt that policy which is giving to the manufacturers of England, France, Belgium, and Germany the command of the markets of the world. They ask you to abandon that policy which is closing their mills, driving American laborers from their looms and spindles, and crowding the markets of America with the products of European capital, skill, and labor.

I listened, Mr. President, as we all did, with close attention to the very elaborate speech of the Senator from Vermont [Mr. Collamer]. Without indulging in the language of reproach or denunciation, he warned the manufacturers against that policy which should diminish the production of wool in the United States. I know that I utter the sentiments of the manufacturers of my own State when I say to the Senator, to the Senate, to the wool growers of the whole country, that an increase in the production of American wool is among their first desires. The prosperity of the wool-growing interest cannot but be conducive to the prosperity of the wool-manufacturing interest. Mutuality of interests exists between the growers of wool and the manufacturers of wool.

What are the effects of the present policy upon the wool-

growing interest? Is that interest keeping pace with the growth of our population—with the demands of our people for the manufacture of woolens? It may be safely assumed that the production of wool in the United States during the past five years has not perceptibly increased.

The manufacturers, Mr. President, make no war upon the wool growers. They assume that the reduction of the duty on wool, or the repeal of the duty altogether, will infuse vigor into that drooping interest, stimulate home production, diminish the importation of foreign woolen manufactures, and afford a steady and increasing demand for American wool. The experience of England, France, and Belgium demonstrates the wisdom of that policy which makes the raw materials duty free. Let us profit by their example.

In warning the manufacturers to avoid a policy which would check or repress the development of any of the agricultural interests of the country, the Senator from Vermont made the declaration that a country could not successfully manufacture articles, unless it produced the raw materials which enter into their manufacture. This declaration is too broad, sweeping, and general. It is hardly supported by the present or past experiences of nations. England, the great cotton manufacturing nation of the globe, depends not upon her own production for her supply of raw cotton—she depends upon the United States, her great commercial rival. The great manufacturing nations of Western Europe—nations which stand at the head of the manufacturing countries—draw from the United States, Mexico, South America, Asia, Africa, Australia, and the isles of the Indian seas immense supplies of the raw materials which enter into their varied manufactures. The high development of manufactures and the mechanic arts demands accumulated capital, educated labor, varied skill. Many of the raw materials which enter largely into these productions of the manufactures and mechanic arts are the rude products of less cultivated nations or the peculiar products of particular soils and climates. By this bill of the House raw silk is to come in free of duty, and we of New England expect, in a few years, to manufacture silk goods to a large extent. I concur with the Senator from Vermont in the opinion that our manufactures rest upon a safer and surer basis when our own country furnishes the raw materials; but I do not limit our capital, labor, and skill to the manufactures of those articles which our own country produces. The capital, labor, and skill of Massachusetts—of New England—will lay under contribution the raw materials

of other States and other climes—the products which more prolific soils and more genial skies, and less skilled labor contribute to the commerce and the arts of the world.

William H. Seward [N. Y.] supported the House bill.

It seems to me, Mr. President, that the difficulties we have to contend with, in attempting to reach a proper solution of this question, arise from taking a view of the subject either too broad or too narrow. Some of the gentlemen who have engaged in the debate would draw us into a whirl of political speculation, when it is very certain that the vote of not a single Senator will be governed by any partisan considerations whatever. It is simply a practical question, upon which no party, as such, has expressed any opinion or adopted any policy. Other Senators would draw us from this practical question into one of the metaphysics of finance, and engage us in abstruse researches into so much of the science of political economy as is involved in the subject of revenue. Other Senators would seem disposed to draw us into a consideration of the importance of protecting or defending certain special interests, without sufficient consideration of the importance of maintaining other interests established or growing up in the country.

I have not looked at it in any such light. If it shall come to be regarded as a partisan question, if it shall come to be regarded as a general question of protection or free trade, or if it shall come to be regarded as a question of discrimination between different branches of industry, I am certain it will find no wise solution at this stage of the session. But, sir, the light in which I have chosen to regard the question is simply this: it is not wise, it is not just to draw from the pockets of the people into the treasury of the country an amount of money greater than the current expenses of the treasury require.

Now, if we can find any plan by which six or ten, or even fifteen millions of dollars can be withdrawn from the treasury, or prevented from going into it, without disturbing any one of the agricultural, or commercial, or manufacturing interests of the country, that is the plan, under present circumstances, to adopt. In looking through the different plans with reference to that object, I find myself prepared at once to dispense with, and lay out of view as measures which cannot receive my support, all those plans which seek a horizontal reduction of the tariff, because it would be absurd to suppose a horizontal reduction which should disregard the special condi-

tion of the different systems of the production of the country could be made without sacrificing some of those systems, and giving at the same time unequal and undue advantages to others which do not need any protection.

The same consideration brings me also to the conclusion that the bill of the honorable Senator from Virginia, which, however, he has now offered in the shape of an amendment, is objectionable, though less so than that which is offered by the committee over which he has the honor to preside.

I find that, so far as it goes, the bill of the House of Representatives avoids all the objections which I have thought essential; and, although in some of its details it seems to me to be very injudicious, yet, at the same time, regarding it as a compromise, I am satisfied that it is a bill which is worthy of our approval and our acceptance. I do not say that it might not be advantageously modified. That bill proceeds upon the ground of certainly diminishing the revenues by transferring to the free list articles which are now paying duty. It has been remarked, as wisely as laconically, by the honorable Senator from Vermont [Mr. Collamer] that the removal of all duties on any articles imported will operate simply as a bill to effect a reduction of the revenues. I recognize also in the bill which comes from the House of Representatives the principle that, by transferring to the free list those foreign articles which are raw materials employed in the manufacture of our own country, we discriminate in favor of manufactures. In transferring to that list dyestuffs and other articles which cannot be produced in this our country at all, we encourage manufactures without injuring the agricultural or mineral interests of the United States. If by thus increasing the free list we shall effect a sufficient diminution of the revenue, then I shall be willing to stop there, and I should insist on stopping there.

Robert Toombs [Ga.] opposed the protection on wool, stating that the true policy was to encourage manufactures.

I happen to represent a constituency who get nothing at all but taxation. We ask no advantage—we claim none. You give us no protection on our productions. Cotton is in the free list; rice is in the free list; lumber is in the free list, by the reciprocity treaty. These are the chief products of my own people. We have neither sought nor asked any bounty; therefore we are impartial judges between the grower and the manufacturer

of wool. It is not a Southern question. It is a question among you gentlemen who are seeking the advantages of the Government. You raise a quarrel, and I am afraid the result will be to leave us to pay taxes to a government that does not want them. You levy $20,000,000 a year, which everybody says you do not want. You say now it is going to produce a commercial revulsion, and derange your currency. If that shall be the effect, it will be a just punishment to those who levy burdens on the people without public necessity. I thank God that there is an avenging Nemesis that follows in the train of false theories in politics and wicked legislation, and teaches communities the folly of wickedness.

I would enlarge the free list on the principles I have stated, but first I want a reduction on general taxation. Take off the public burdens by reducing duties upon all articles of general consumption all over the country and among all classes. This will be beginning at the right place. Why shall you tax Maine for the benefit of sheep growers in Vermont? In this dispute between the manufacturer and the grower, I think the argument is with the manufacturer. He has my sympathies; but I hope I have equal sympathy for all my countrymen. If I could settle this dispute on any just principle, I should be glad to do so; but I believe it is irreconcilable—one or the other must go. The idea of protecting both—the wool manufacturer and the wool grower—presents one of those problems that cannot be worked out. The more you try it, the worse it will be. If you give to woolen manufacturers and to raw wool a protection of one hundred per cent., it is quite certain, even then, that you would not drive out foreign competition. It would certainly injure both interests. Its operation could only be temporary. It is futile to think of building up both interests together by equal duties, no matter what they may be. The best protection to the wool grower is to multiply and strengthen the woolen manufacturers. I believe it to be the only mode of permanently benefiting them. On no sound principle of political economy can equal duty on both which you will lay harmonize them. If woolen manufactures and wool-growing can succeed together without duty, they will succeed if you go on taxing them *pari passu;* but, if either requires a duty, neither can succeed on any such basis as I have stated. We have not the same difficulty as to cotton manufacturers, because we raise our own cotton; and we do not raise sufficient wool for the home consumption. The great complaint of the woolen manufacturers is that they have to pay a large duty on the cheap wools of South Amer-

ica. They are now working at a disadvantage, because the English manufacturer takes the wool from Buenos Ayres, where wool costs but little, and brings it cheaply to England duty free, while they pay thirty per cent. *ad valorem.* The result is that the duty on wool and on woolen manufactures at present being the same, our manufacturers of wool are driven out of foreign markets, and struggle hard for their own. I do not think that system is wise. In laying my duties I would protect a branch of industry which, in my judgment, will be able to support itself within a short time, and be a permanent advantage to the country.

Andrew P. Butler [S. C.], an advocate of free trade, supported horizontal reduction as a step in that direction.

I know that my State expects me to take a part in this debate, because I believe there is no State in the Union that has made as many issues on free trade as South Carolina. As to the theory which she entertains and has promulgated, I may say, without any vanity as far as I can speak of her doctrines, that she has not spoken in vain, although she was threatened with the sword for speaking. I might be considered as going very far if I were to say that I should be perfectly willing to have no custom houses at all. That is my opinion; but I know I cannot have that. I go so far as to say that, in a commercial point of view, the custom houses must necessarily, in the form of tariffs, make discriminations; and in a war point of view I know we must retain the power of discriminating, in order to protect iron or any other material which must be protected as an element of war. I have no idea now of being able to reduce the tariff to anything like the level to which the South Carolina doctrine would reduce it.

Sir, for myself, I want no tariff. I say to this Confederacy that I am perfectly willing to be placed in the original position of constituencies to pay for carrying on this Government. I am not, however, to be drawn into a discussion on that subject, for I know that anything which is untenable is a matter not to be discussed, or at least its discussion is fruitless.

We have $70,000,000 of revenue—$35,000,000 more than enough. The burden of this taxation is upon the poor and middle classes of the people, for the rich are well able to contribute their share. The persons who pay these taxes are the consumers—the humble milkmaid who pays for her calico, the humble mechanic who pays for the coat in which he works, the humble

farmer who pays for the plow he uses twenty per cent. more than he ought to pay. If you could bring to the mind of the people that these classes are paying more than they are bound to pay, they would resist; but as long as you delude them with this disguised form of taxation you make this a Government more irresponsible, in my opinion, than any, as far as I have read history—I say the most irresponsible Government on earth, so far as regards the collection and disbursement of revenue. You collect it sometimes on wool, sometimes on this article, sometimes on that; but you always take it from the industrial portion of the community. They pay it, and they do not know that they pay it. It is so diffused that they never know it. If you take off the taxation in the form proposed here, you will have prosperity, particularly in my portion of the country. Cotton would rise to twenty cents to-morrow, I believe, if we had no tariff. I believe, if you let all the world compete with the manufacturers here, we should raise the raw material; that would be the result.

I desire it to be understood that your taxation comes out of delusive and fraudulent legislation in some respects, and unwise legislation in all respects. What right have you to build up the iron interest, the woolen interest, or any other interest, through the money contributed to this treasury for the benefit of the common objects of government?

I do not undertake to discriminate between my friends from Ohio, Virginia, and Georgia. If it were a matter of mere taste, I would rather go for the man who cultivates his land and feeds his sheep, and prepares the great element. But what right, in reality, have we to assume jurisdiction over matters of this kind, except to raise revenue? And in raising revenue it ought to be just. Who is to decide? Discretion. What is discretion? Interest. What is interest? Power. What is power? It is the combination of different influences; and that makes up the whole concern, so far as regards the regulation of the industrial concerns of this country. I shall vote for the amendment of the committee, and will take the best scheme I can get; but for myself I want no tariff. I would obliterate the whole concern.

The Senate adopted the substitute measure of Senator Hunter by a vote of 33 to 12. The Senate bill was accepted by the House on March 3, and approved by President Franklin Pierce upon the same day.

CHAPTER VIII

Internal Revenue

Thaddeus Stevens [Pa.] in 1862 Introduces in the House a Bill to Provide Internal Revenue—Debate: in Favor, Justin S. Morrill [Vt.], Mr. Stevens; Opposed, George H. Pendleton [O.]—Debate in the Senate: in Favor, James F. Simmons [R. I.]; Opposed, James A. McDougall [Cal.]—Bill Is Passed by Congress and Approved by the President—In 1882 William D. Kelley [Pa.] Introduces in the House a Bill to Reduce the Internal Revenue—Debate: in Favor, Alexander H. Stephens [Ga.], George M. Robeson [N. J.]; Opposed, Philip B. Thompson [Ky.], Roger Q. Mills [Tex.]—Bill Is Passed in the Following Session, and Approved by President Arthur.

ON March 3, 1862, Thaddeus Stevens [Pa.], of the Committee of Ways and Means, introduced in the House a bill to provide internal revenue. In its final form this bill established the Bureau of Internal Revenue, under the Treasury Department, with what is essentially the present system for collecting excise from manufacturers of distilled spirits and malt liquors, and from rectifiers of wine and spirits. In addition, annual licenses ranging from $5 to $100 were required from almost every kind of business or profession, the peddler on foot and the juggler being assessed, as well as the banker, lawyer, and doctor. Manufacturers of every kind of commodity, from pins to railroad iron, were taxed at various rates, specific and *ad valorem*. All sales at auction, whether of real estate, merchandise, or stocks and bonds, were taxed one-tenth of one per cent. Luxuries, such as private carriages, yachts, billiard tables, and plate, were taxed at *ad valorem* rates. Live stock slaughtered for sale had to be paid for at so much per head, according to the genus. Railroad, steamboat, and ferry companies were assessed three per cent. upon their gross receipts; holders of railroad bonds had the same percent-

age deducted from their dividends, as had also investors in banks, trust companies, savings institutions, and insurance companies. Three per cent. was also deducted from the salaries of those in the employ of the Government. The same rate was assessed upon the gross advertising receipts of publishers. The amount exempted by the preceding income tax bill was lowered from $800 to $600, and the rate was increased from three to five per cent. upon incomes exceeding $10,000 per annum. Stamp duties were laid upon legal papers and business instruments, as well as upon medicines, cosmetics, perfumery, and playing cards. Legacies of over $1,000, except from husband to wife, or wife to husband, were taxed at rates varying with the degree of consanguinity.

Internal Revenue

House of Representatives, March 3-July 1, 1862

Justin S. Morrill [Vt.], of the Committee on Ways and Means, supported the bill. After presenting the state of Government finances he said that the bill amply provided for all the great and unusual demands upon the Treasury.

When one of the European governments offered a reward to any person who should discover a new object of taxation, it was bestowed, I believe, upon the discovery of the stamp tax upon paper. That is not by any means our condition. There is but little more than one source, that of imposts, which we have relied upon to any extent for revenue, and that source has not been pushed to its utmost capacity. Driven, however now, like Milton's Adam, from our untaxed garden, to rely upon the sweat of the brow for support, like Adam, we have "all the world before us where to choose." In doing this we have to be just. It would not do to press any single interest with the entire burden that now weighs down upon the treasury. The weight must be distributed equally—not upon each man an equal amount, but a tax proportionate to his ability to pay—equally, yet not one that will be in the exact ratio of population, but in a just proportion to the means and facility of payment. What could be easily sustained in one quarter of the

country might sink another in hopeless dishonor and repudiation. A heavy duty upon some articles would banish them from use, while upon others it would merely stimulate greater activity and industry to obtain them. A tax dependent upon the habits or vices of men is the most reliable of all taxes, as it takes centuries to change or eradicate one or the other. No matter what obstacles may be placed in the way of the introduction of opium, the Chinese will brave death itself rather than suffer the deprivation of their favorite stimulant. England taxes spirits enormously, but has her drunkards still. They raise, too, $28,000,000 (or about one dollar for each inhabitant) of revenue from duties on tobacco.

The accustomed objects of State taxation should, in some degree at least, go untouched. The orbit of the United States and the States must be different and not conflicting. Otherwise, we might perplex and jostle, if we did not actually crush, some of the most loyal States of the Union. It has not been possible, so multifarious are the systems of State taxation, and so large our wants, wholly to succeed in carrying out this idea; but it has been attempted in two modes; the first, by the avoidance of any tax or duty on live stock, and by declining to increase the direct tax on real estate—a very moderate one—levied at the last session of Congress; and the second, by a selection of new objects of taxation, and such others as for many reasons can sustain even the double taxation to which they may be for the time subjected.

Some gentlemen, and even some States, have manifested a solicitude that any taxes incident to the present rebellion should be levied in such a way as to allow the several States to assume, assess, and collect them, or, if not to include the assessment, at least to assume and collect after an assessment by the United States. If this were practicable, it might be very desirable. If State officers could be employed, and the increase of Federal patronage avoided by not creating a new corps of office holders, a great point would be gained. We provide in the present bill that the duties, if not paid at the proper time, shall be hereafter collected in the now rebellious States. Authorize the States to assume and collect, and then suppose South Carolina to set about it. How much revenue so farmed should we be likely to obtain? It would be for the interest of all State officials to collude and pay as little as possible. It is not too much to suppose some would improve the opportunity.

This idea is wholly impracticable as may be seen by anyone who looks at the scope of the bill, with its fingers spread

out in all directions, ready to clutch something to buoy up the sinking credit of a nation which has hitherto generally sheltered its capital and its labor from all tax gatherers, except through the indirect process of the custom house. It is not enough to know that a debtor has means; he must exhibit the will to pay, otherwise there must be some law to coerce the will. In this emergency we cannot afford to return to the pusillanimity of the old Confederation, and request the States to make their contributions, and shiver in the wind if any should fail to do so, or declare war upon them for delinquency. The Government of the United States—the most parental and benign of all earthly governments—in its hour of need has the right to *demand* whatever may be the measure of its necessities to sustain the public credit—our honor and existence as one people.

It is indispensable that the Government shall have within its own control—responsive to it at regular and stated periods—the means of meeting all its vast engagements. This can be secured only by its own agents under its own laws. Even where the States are allowed, as they are in the direct tax, fifteen per cent. for assuming and collecting a tax, when all assume it, there is no advantage gained. The effect is to require the tax to be put fifteen per cent. higher than would otherwise be called for; and the general Government can collect the amount at a much less expense.

That the bill is perfect the committee are far from supposing. To us at best it is but an experiment, and the wisdom of Congress, now and hereafter, will judge how much of it should be permanently retained and what part must be dropped out. It is no personal or party measure, but one imperiously demanded—sharp as may be the medicine—for the general welfare.

Seeking to avoid all extremes, the committee have thought best to propose duties upon a large number of objects, rather than confine them to a narrow field, and thereby be forced to make them excessive in amount, and for that reason entirely unreliable. If the rates can be hereafter increased in any instance to the benefit of the revenue, and without inflicting any injury upon any quarter of the country, it will soon be ascertained. Meantime is it not wise to set out on a moderate scale —one that will neither shock the sense nor the pockets of the people—rather than attempt to make any one product the victim from which to torture magnificent bounties?

It is to be expected there will be a diversity of opinion con-

cerning many features of the bill. If it will produce too much or too little revenue, if it includes objects that should be left free, or omits those which should justly be held to contribute, these are legitimate objects of amendment, as much so as matters of form or detail; but an ample and effective bill—being all for which I personally feel the slightest solicitude—is demanded at our hands by all the motives which can move a lover of his country; and if it were possible for this Congress to desert its responsibilities, and adjourn without passing some equivalent measure, it would deserve to be pickled in history as representative imbeciles. Observers living under other forms of government proclaim that our weak point is incapacity for taxation, and our securities, therefore, have no solidity abroad. Representative democracy is now on trial. Let us see to it that the Republic suffers no shame at our hands.

In starting out with a bill like the present, so important to the vitality of the treasury, which is to touch so many and such various interests, the machinery by which it is to be put into operation, with the least friction and at the least expense, becomes a question of some magnitude. We have, therefore, looked to such examples as we found upon our statutes, and have endeavored to arrange a system by which all descriptions of duties could be assessed and collected through the same officers.

For this purpose we propose a commissioner of internal revenue, under the direction of the Secretary of the Treasury, who is to have the general charge and superintendence of all matters in relation to internal revenue.

(Here the speaker described what is essentially the present system [1913] of the Internal Revenue Bureau.)

The duties proposed by the present bill rest heavily on spirits and malt liquors—being about one hundred per cent. on raw whisky, fifty per cent. on rum, and twenty-five per cent. on ale or beer—but far below the point at which even some prominent distillers thought they might be safely carried, and yet largely above the point indicated by the majority of those engaged in the business. Much the largest quantity of spirits produced in this country is from corn, and many persons engaged in the business apprehend that we shall cut them up by the roots with a duty so high as even fifteen cents per gallon, and that great injury will result to farming interests thereby. The committee were satisfied these fears are not well founded.

So long as consumption keeps equal pace with production—as in the case of all manufactures—the consumer must pay the increased cost price. And consumption will not be seriously checked by this bill.

The amount which will accrue on licenses under the present bill, embracing merchants, traders, bankers, brokers, auctioneers, distillers, brewers, peddlers, manufacturers, theaters, hotels and taverns, and other classes, will be very considerable. Licenses, though heretofore not generally adopted in this country, may be regarded among the least objectionable modes of taxation. They are a shield against unauthorized and irregular competition, and, there being no interference with the private details of business, the duty will be paid with very little dissatisfaction.

The duty proposed on unmanufactured tobacco is three cents per pound, and on manufactured tobacco and snuff an additional duty of five cents per pound. On cigars the rates are in proportion to value.

Everything used for illuminating purposes deserves to be considered with some reference to their power of competition. To be entirely impartial toward all parties, we have proposed a duty on candles, lard oil, gas, and petroleum.

The duty of three per cent. *ad valorem* proposed on all manufactures, except those specifically provided for, some at heavier rates, will not come out of the manufacturer—though a depression or glut of the market will make him suffer loss as it always does—but will increase the cost to that extent to the consumer, as much so as if added to the cost of labor or the raw material. It was not thought best to propose duties on raw materials generally, but to wait until all the cost, in the finished state at the time of sale, was added to the production, and thus assess the duty on the largest values. From this source much the largest item of revenue will be derived—in all, specific included, not less than $50,000,000.

If manufactures in the history of our Government have been fostered, they are now the strongest pillars of our support. A burden that would paralyze the agriculturists of the country will be taken onto the backs of the steam giants with alacrity and confidence. But it will be indispensable for us to revise the tariff on foreign imports, so far as it may be seriously disturbed by any internal duties—on some things the tax proposed is more than the present tariff—and to make proper reparation, otherwise we shall have destroyed the goose that lays the golden eggs. From such a revision, including some ar-

ticles that hitherto it has not been considered sound policy to take from the free list and lower schedules of the tariff, it is expected also to increase the revenue several millions of dollars. If we bleed manufactures we must see to it that the proper tonic is administered at the same time. There are many articles, however, where the tariff is now high enough for revenue or protection, which will require no advance.

A tax upon railroads is easily levied and easily collected; but to adjust an equitable tax upon all railroads has been one of the difficult problems the committee have attempted to solve. If we took the basis of cost it was apparent that the nominal cost—including long interest accounts while in course of construction—would, in many instances, be beyond the present value. The market value could be no criterion, as many are not sufficiently known to have any fixed value, and of the whole five hundred and forty-one railroads in the country few are without a moiety or a prominent share of their cost represented in bonds or floating debt. If we were to take the gross receipts as a basis of taxation, many of the roads would be taxed for freights which they now transport over long distances—having competing lines, here and in Canada, by land and water—for little more than the bare cost. In these times of commercial depression it is an object to leave the transit of produce and merchandise as much unfettered as possible.

The subject has been disposed of by proposing a duty of three per cent. on the season or commutation tickets, and on the coupons or interest paid on bonds, and by a duty of two mills on passengers (other than season-ticket passengers) for each mile traveled. This, in some sort, apportions the tax between the owners of the road, whether foreign or domestic, and whether represented in the form of stock or debt.

Obviously the system had to be modified and extended to steamboats and other vessels, in order to deal justly by the roads and obtain justice for the Government.

Stamp duties upon telegraphic dispatches and express packages will not be likely to encounter opposition, especially the latter, as it is a class of business rewarded by unusual profits; nor will the duty on patent medicines, from which so many not inconsiderable fortunes have been accumulated, be regarded with disfavor.

The speaker concluded with an estimate that the internal revenue resulting from the measure would amount to $101,925,000.

The income duty is one, perhaps, of the least defensible that, on the whole, the Committee of Ways and Means concluded to retain or report. The objection to it is that nearly all persons will have been already once taxed upon the sources from which their income has been derived. The income tax is an inquisitorial one at best; but, upon looking at the considerable class of State officers, and the many thousands who are employed on a fixed salary, most of whom would not contribute a penny unless called upon through this tax, it has been thought best not wholly to abandon it. Ought not men, too, with large incomes to pay more in proportion to what they have than those with limited means, who live by the work of their own hands or that of their families?

The duty on advertisements was thought advisable on the ground that, more than any other tax, it would be likely to fall, where it should fall, upon the person for whose benefit the advertisement is published. Experience has abundantly proven that the bold, ungrudging, and even lavish advertiser is always largely repaid for all costs of advertising, and these are not the men to skulk from a picayune tax.

There is no duty proposed on the circulation of any literary, scientific, or news publication whatever. Printing paper, like any other manufactures, it is proposed to assess, but only to the extent of three mills per pound, which is equal to three per cent. *ad valorem*. It is to be assessed as a paper manufacture, but at less than half the percentage proposed on writing paper. Can it be asked that it should be exempt?

Mr. Chairman, whatever we do ought to be done speedily, as every day's delay is a resulting loss to the Government.

On March 13 George H. Pendleton [O.] opposed that provision of the bill which placed the collection of the revenue in the hands of the Federal Government.

If a scheme can be devised by which the State, rather than the Federal Government, shall take upon itself the duty of collecting this tax, I hope that it will be done. I think that it will accomplish a great good, and that we will avoid by it a great error. However much gentlemen may desire to try the patriotism of the people by their willingness to pay taxes; however much they may desire, and their constituents may desire, to express their patriotism in that way, let me tell you that when this vast system goes into operation, and these tax gatherers are abroad in the land, there will go up a voice in the

country that will make this legislature tremble. Remember that never has the tax gatherer, in the history of this country, gone about under the Federal authority. Remember that never have the people been called upon to pay into the treasury these taxes. I know that, during the war of 1812, there were some instances in which land taxes were raised. But a tax bill like this which goes into every house, into every business, every neighborhood, which taxes everything a man eats and all that he wears, which enters into the consideration of every man engaged in every business of the country, which puts a tax upon every conceivable subject of taxation; such a tax bill has never before appeared in this country.

On March 15 Thaddeus Stevens [Pa.] replied to Mr. Pendleton.

The gentleman from Ohio [Mr. Pendleton] informs us in somewhat of a minatory manner of the tremendous clamor that his bill will raise. He told us that a voice is to come up here which will shake this hall, and make even the firmest of us tremble in our boots. [Laughter.]

It is not, however, the tax gatherer the people hate so much as the taxes. And, if you have no provision in the bill by which the payment of these taxes can be coerced, they will never be paid. The Representatives here will act to represent their constituents, who will turn the friends of this Administration out of power and who will, of course, desire that no taxes may be collected. Some system will then be adopted more consonant to the feelings of the people, and more in accordance with the wishes of demagogues, than that which we are devising for the purpose of enforcing this tax. We intend to lay this tax, and to take the chances of that tremendous voice which is to hurl us from power. What we desire is a tax that will last during this war, and which cannot be disturbed by mere resolutions of one branch of this legislature.

It is objected that the tax cannot be collected in the seceded States. Take Virginia, for instance.

When the Constitution is restored there, I have no doubt that under this bill we can district the State, and find loyal men enough to assess and collect this tax. If we do not collect it to-day, we will next year; and, if not next year, we will the year after; and we will pile up on Virginia her full burden of the taxes which she has brought upon us. It will be a lien upon her real estate, and we can collect it.

How can we do that, if we allow those who have caused this trouble to make the assessment? Even if there were no rebellion, how could you equalize your taxes? If every State is allowed to assess its own taxes, Pennsylvania might say, let us assess them so as to shirk our fair share, and throw it upon New York.

And, if so, where is the equalizing power? But if you keep this machinery within the power of the United States Government, and they find that anything of this sort is going on, the Government can at once discard their unfaithful agents, and see that the matter is properly adjusted.

On May 20, 1862, James A. McDougall [Cal.] delivered a speech in the Senate criticizing the unscientific nature of the bill. He declared that proper thought had not been given to its framing.

Mr. President, this bill is without system, without policy, without form, without organization; a bill that, if passed into a law, it will take a hundred years for our courts to interpret, and then they will only make it law by construction.

Early in the present session, a committee of three gentlemen from the Boston Board of Trade, gentlemen of large experience in matters of finance, came to this city to advise with the Senate Committee on Finance upon this subject. These gentlemen propose to tax trade—the very business in which they are most engaged. They say that the business of trade, the business of making the exchanges of the country, can most conveniently, economically, and justly furnish the revenue required by the Government.

It is not wealth and capital that pay taxes; it is production that pays taxes. Otherwise, if it were not production, and it depended on capital or accumulations, a country would become weaker year by year, and the result would be national impoverishment and bankruptcy. England did not pay out of her capital or her wealth the great burdens of her French and American wars. She paid them out of her energies, her enterprise, her industry, what she every year produced, or by her enterprise brought from foreign lands through the agency of her commerce spread upon every sea.

I will now proceed to state my particular objections to the measure brought forward from the committee; and the first objection I make to it is that it involves an army of officers. And what skill and knowledge in the various specialties of trade

will be required to determine the quantity and quality of these various articles?

Again, I object to this measure from the complexity of the system. It has a different law for every subject of taxation.

I object to this whole system of licenses. When the Constitution was formed, the question of internal taxes was considered, among other things and, although it was conceded that there was concurrent jurisdiction in the States and the Federal Government to levy internal taxes in such form as either might choose, yet possible collision between the several authorities was regarded as a grave and not to be overlooked difficulty; and therefore Mr. Hamilton himself suggested that both the Federal and State governments, in looking to subjects of taxation, should avoid the same subjects of taxation. And there is hardly a subject of license in this bill that is not made the subject of State license.

All license systems are more or less unjust. There is the auctioneer who sells twenty-five dollars' worth a day, and the auctioneer who sells $25,000 a day, both taxed alike. There is the young fellow going to the bar who has not earned his first fee, and there is my friend from Illinois [Orville H. Browning], who accumulates his thousands per annum. This whole system of licenses is wrong. It is a system that restrains young energy, that breaks down the power of the young man full of heart, without money in his pocket. It is a system altogether unworthy of the Federal Government.

Again: I object to the tax on manufactures. I object to the tax particularly as inconveniently, unequally, and unjustly applied, and as being, as was proved by the Senator from Rhode Island [James F. Simmons], a particular burden on the laboring poor. And, again, this tax is a demand for money before money is realized. It is asking for that which the parties taxed may not have, whereas in a tax on sales the price is considered in the purchase and the money is in the hands of the vendor.

Again: the bill imposes a tax upon the salaries of all persons in the service of the Government. That is considered a happy subject of legislation. Why should men in public employment be specially taxed? It has been my impression, it is the result of all my experience, that men in office who are fit for office are, as a general rule, inadequately paid. Who is there here in the Senate who does not make a sacrifice of his personal revenue in undertaking to discharge the duties of his office? I hold a tax upon the salaries of officers in the employment of the Government to be the rankest demagogism.

Again: I object to the tax on advertisements. Why make them a subject of taxation? A person wants to inquire for information; he is a seeker after knowledge of some particular thing; he wants to know something, and you make it a subject of taxation; and in that way tax the press, the vehicle of communication, and by taxing the press tax the person who inquires.

And now, Mr. President, I desire to enter my special protest against all those subjects of taxation which create a charge upon individual, intellectual, and commercial contact, upon moral, intellectual, and material intercommunication. Such taxation is against every rule of public policy.

It has been considered wise policy to promote the construction of railroads, canals, and telegraphs, to construct piers and lighthouses and harbors in the aid of foreign intercourse and trade.

If it is true policy to advance these interests and enterprises, there can be no good cause to disturb or impair them by impositions and charges.

You propose to tax them three per cent. on gross receipts; and what does it amount to? It amounts to at least eight per cent. on the profits of good roads, and probably takes the entire profits of inferior roads, for some of them hardly pay at all.

This brings me to the subject of coal. You say you want to reach everything. I insist that this is the great error of the bill and not any argument in its defence; we should not attempt to reach everything. Coal is the motive power that drives all our machinery, and that is enabling one man to do the work of a hundred—one of the things that when a nation finds anywhere about hidden in her earth she feels rich because of it, and promotes its development. Every development of that kind is something to be promoted, because it is a facility to the aggregation of our national wealth.

Again: I object to this universal system of stamps. Here are several pages of stamp duties. Everything is to be stamped, from the pill box to the locomotive. The child is not to be allowed to take its medicine until it is stamped. Stamps must be everywhere, presenting themselves to every eye at every moment. These things may seem expedient or necessary. I cannot think so. The idea is absurd, impracticable.

Again, Mr. President, I object to this tax on insurances. Insurance is a tax paid by the insured for protection against loss, and this is a tax upon a tax. If those who engage in in-

surance pay a tax upon the income they derive from their investments, this surely should be satisfactory.

Mr. President, it is vain to attempt to enumerate the multitude of objections which may, as I think, be justly raised to this bill. I will content myself with reaffirming that it is an unintelligible, as well as impracticable, measure, one which, I trust, will not be forced upon the country, particularly at this time of general privation and suffering.

The speaker here presented a substitute measure, based on the views of the board of trade previously mentioned. First, this imposed a tax on sales.

These men of commerce say—and they should be authority—that a tax on sales is the simplest, safest, and most just tax. The sale involves a money transaction. A man who sells receives the price, or what he regards as its equivalent. Having received the price, he is prepared to pay. One of the great objections to the bill reported from the committee is that it demands from people what they have not got. When you charge a tax on sales, you always charge it on what a man has received, on what he has in his pocket, which he is bound to account for to the Government.

I propose a tax on fixed incomes. I differ with the Senator from Rhode Island [Mr. Simmons] on that subject. How can you tax the income of a lawyer who keeps no books? It is not the habit of lawyers to keep an exact account either of their expenditures or incomes. They spend all the money they get generally. It is their own, unless it happens to be their clients', and then they pay it over. How are you going to get at the income of a merchant—a man whose life is engaged in venture, whose every enterprise is a risk of fortune, and who, if at the end of a lifetime of friendly and adverse fortune, is able to go quietly to his home among his people, and sit down and rest for the evening of his days, is a fortunate man? How are you going to get at his income?

Senator Simmons.—If the Senator will look at the provisions of the income tax, passed last August, he will find that that provides that a man shall render an account of his oncome for the year preceding the 1st of January of each year. His year's business ends at the 1st of January, and his income tax will be payable in six months afterward. I do not believe there is a man of business in the country who does not know his income.

Senator McDougall.—How is it with the men who venture in commerce, where the article they purchase at fifty dollars a ton to-day, and in which they invest $50,000, may be thirty dollars to-morrow or eighty dollars? How about those men who may be ruined or made prosperous by the accident of a day, news from Europe or from the East, war, or some treaty of peace, if you please? How about those?

Senator Simmons.—We do not tax a man's property. We tax his income. If last year he made a great income on his ships we ought to tax it. If these ships are not worth half as much this year, not paying half as much freight, then we only tax him half as much on his income.

Senator McDougall.—If I have any idea of commerce and its business, a man, say the master of $100,000, goes into trade; his trade runs prosperously along through a series of years, where he expects that he has means enough on hand to carry on an advancing and progressive business, but where in one day a single calamity like that which came in 1836, or came at the commencement of the present year, may destroy the most prosperous fortune: who has an income then?

I propose to tax income, but not the income of the merchant whose capital is invested in commerce, for the merchant is as much of a producer as the man who tills the soil. He who conducts it from hand to hand, who labors in that vocation, is increasing its value and producing wealth to the country. I do not tax the man who builds up machinery, workshops, and factories, whose capital is employed to support labor, for capital and labor are the two great elements of strength that enable us to pay taxes; that is active employed capital and labor. I do not tax employed capital or labor, but fixed capital, such as a man derives from rents, which comes to him as a matter of course. I tax the man who collects his interest on State and corporate securities, but not mortgages. If you tax mortgage interest, the borrower has to pay it; but bonded interests of railroad companies, of all organized companies, of cities, towns, and States of the United States, and of foreign countries, all fixed revenue where the party deriving the revenue has no relation either to active capital or to labor—they are all legitimate subjects of taxation, and have been so held by the best economists.

Then, again, I propose to tax inheritances. I am trying to avoid asking a man to give what he has not got. Inheritances are things that no one has been possessed of until they pass through administration. We have no particular or fixed right

in any other person's estate, no matter how near of kin he may be; certainly none in the estate of a stranger. England has adopted a policy by which she imposes as high a tax as ten pounds per cent. where a legacy is given to a person who is foreign to the blood of the testator. We can derive as large a revenue as England from this source, and from what no other person has got any special or particular right to. It is true, we generally feel that a child has a right to inherit from a parent; but suppose there should be taken out of that a tax of one per cent. for the administration of the laws for the benefit of the child, that would be no burden. I propose an ascending scale as high as eight per cent. to persons who are alien to the blood of the testator. That is less than the English rule. Those who pay it, never having had it, never feel the loss of it. Those are taxes that can be most conveniently collected. Estates pass here more readily than they do in England, and it would be a large source of revenue.

Under these various sources of revenue, as I have stated, and putting the income of the tariff at only $50,000,000—and I try to make small figures—I make a revenue of $203,000,000, and it does not ask a person for anything he has not got, and does not employ a large number of officers.

Expenditure is immediately related to production. Production is the subject of taxation. We must every year make the subject-matter out of which taxes are taken, or else there is a loss to the national capital. Expenditure and taxation being equivalent to production, there is no loss. If production is greater than taxation and expenditure, there is a national gain. England has gained through all her wars by the strength and will and energy of her people. Our energy is being expressed now with greater force than in any previous time. We will produce every year more than the equivalent of our expenditure and our revenue.

I think we are a new people with new conditions, and when the men of commerce, the first men of our commercial cities, say commerce can best stand this tax, they should be recognized as the highest authority; and I shall maintain them as authority so far as my conduct is concerned in voting upon this measure.

The bill was passed by Congress, and approved by President Abraham Lincoln on July 1.

On March 29, 1882, William D. Kelley [Pa.], chairman of the Committee on Ways and Means, introduced in

the House a bill to reduce the internal revenue. It provided for a repeal of the stamp tax on checks, etc., of the tax on banks, private and national; and of the tax on matches, perfumery, medicinal preparations, etc., and revised the entire system of taxes on tobacco, spirits, etc.

The bill came up for discussion on June 21. The Democrats particularly opposed the abolition of taxes on banks as favoring the rich, in view of the retention of the tariff on articles consumed by the people in general.

Reduction of Internal Revenue

House of Representatives, June 21–27, 1882

Philip B. Thompson [Ky.].—Why should these taxes be taken off? Is the capital of this country to pay no taxes? We have already taken off the income tax. Are all the tax laws of this country to be framed so as to grind the face of the poor and lay heavier weights upon the backs of the laborers of this country, leaving the capitalist, the national banks, the great railroad corporations, and other monopolies, to pay no part of our taxation and contribute nothing toward the support of the Government, who feel no interest in it save the privileges and franchises which they derive from it and by which they add to their increasing wealth, already grown fabulous?

Is a Republican Congress in one way and another, upon the demand of capitalists, to take all the taxes off banking capital, national as well as State, to remit to them nearly $13,000,000 of revenue now going into the public treasury, while at the same time by its legislation it undertakes to relay upon knit woolen stockings and other goods of that kind a tax of 85 per cent., which was taken off a few days ago by decision of the Supreme Court? It is claimed that by some mistake or oversight in the codification of the statutes it was reduced to 35 per cent. It is now proposed to "rectify" this mistake in order to reimpose this tax upon the laboring classes. Are you to leave upon everything that the laboring people use the immense taxes now paid? Are steel rails, over which are transported the products of Western farmers to the seaboard for shipment to foreign countries and to the markets of the world, to pay a tax of $28 a ton—105 per cent.—while at the same time you remove taxes which are paid by the banker and other capitalists? When did these classes become the peculiar pets of this Government, that

they are to have exclusive privileges and all their taxes relieved, and no other class of society is to have any relief? This bill is shaped and framed in their interest only. Other things are put into it merely as a blind—as a makeshift to carry it through. The abolition of the match tax is inserted merely to delude the minds of the people so that it may be pretended you have given them some relief? It is the Judas-like kiss with which they are to be betrayed and deceived—beguiled into the belief that the Republican party is adopting measures for their benefit, while in fact you relieve only the capitalist and increase the burdens laid upon labor.

Mr. Chairman, why should the tax upon bank checks be removed? What tax paid by the people of this country is more easily paid, or what tax is paid by people who are more able to pay it? Since the days of Adam Smith every enlightened government has adopted the principle laid down first by him and followed by every writer on political economy, that taxation should be imposed upon the luxuries of life, that taxes should be made as nearly voluntary in their payment as possible, and where not voluntary should be laid upon that class of society which has the greatest ability to pay them, and should be collected in such a way and at such times as to be least felt. Who has a greater ability to pay than the men who pay the two and a quarter million of dollars collected through the stamp tax upon checks? How many people pay this tax? You will find that the individual depositors in the national and State banks and the savings banks number about 8,000,000 of people.

Eight millions of men subscribe annually a little over two and a quarter million of dollars to support the Government. Each one of those men, according to the statistics, has $350 in the bank to his credit. It is a well-known fact the banks pay more than one-half of this tax. That is where the shoe pinches, and that is why the relief is demanded. It is not in the interest of the depositor, but in the interest of the banker, who sees his profits cut down every year to the amount of a million and a quarter of dollars, which is taken out of his pocket and given away or distributed among his depositors.

Alexander H. Stephens [Ga.] spoke on June 23. He desired to wipe out all internal taxes and rely for national revenue alone on the tariff.

I think we ought to abolish the internal-revenue system of taxation entirely. I would extirpate it root and branch. Allow

me to say to both sides of the House that except in time of war these internal-revenue taxes, excise and stamp duties are in my judgment in principle anti-republican, anti-democratic, and anti-American. They are in opposition to the general principles or policy of this Government as taught by the fathers of the Republic.

The best way to raise revenue is by duties on imports. They bear less heavily on the taxpayers, and as legislators that is what we should look to. In levying duties on imports you can at the same time make foreign producers pay for the use of your markets, and in that way incidentally and properly give aid and protection to American industry. It is not true, as a general proposition, that the consumer pays all the duty imposed upon commodities brought from other countries. This is a question that I cannot now argue. In most instances where the duties are judiciously laid they are borne partly by the importer and partly by the consumer.

To allow Congress thus to raise revenue by duties upon imports was one of the main objects in establishing the Federal Constitution of 1787. This system of internal-revenue taxation by excise and stamp duties was not favored by the fathers of the Republic in times of peace. I speak plainly, and say that it was looked upon then as not only of British origin, but there was always the odium of British Toryism attached to it in the American mind. There was never any legislation more abhorrent to the people of this country, even in their colonial condition, than what was known as the infamous stamp act.

In time of war, when foreign trade is interrupted, this country has been compelled to resort to this method of raising revenue. It was thus resorted to in the Revolutionary War by the States. In the war of 1812, after the adoption of the present Constitution, it was again resorted to of necessity. But it was not adhered to one moment longer than the necessity existed. The system was adopted in the administration of the elder Adams, when war was expected with France; but nothing tended more to excite popular opposition to his administration than this system of taxation, except the alien and sedition acts. One of the first acts of Mr. Jefferson's administration was to wipe them from the statute book. The present system was adopted during the late lamentable war between the States. We do not now require its continuance.

On June 24 George M. Robeson [N. J.] supported abolition of the bank taxes.

Mr. Chairman, we hear a great deal from the other side to the effect that all taxes upon the business of the country are paid by the consumer. As a general proposition it is true; but one other thing is also true: all taxes on the business of a bank are paid by the borrower. The consumer of an article meets the manufacturer and vendor upon equal terms; he comes offering his money for the article he needs. The borrower comes asking favors of the man or institution who is to lend him money, and he is obliged to assume the expense imposed by the Government on the money he borrows. All the expenses that you put upon the machinery of banking, therefore, come out of the debtor and borrower class; they are direct taxes upon the business of the country, and upon the resources and credit of the men who carry on the business and employ the labor of the country.

Roger Q. Mills [Tex.] declared that the purpose of the bill was to prevent the payment of the public debt and so fasten the national banking system on the country, and to serve as a plausible excuse for continuing high tariffs.

Mr. Chairman, is it not a little singular that this thing was born in Philadelphia, Pennsylvania? Is it not a little strange that the first gun in favor of the repeal of internal taxes came from the gentleman from Pennsylvania on that side [Mr. Kelley], and from the gentleman from Pennsylvania [Samuel J. Randall] on this side of the House; the speech of one gentleman being delivered in the tariff convention of New York City, and the speech of the other delivered to the national bankers and the tariff men of New York City?

MR. RANDALL.—My speech was delivered before a Democratic meeting——

MR. MILLS.—I know what sort of Democrats they were.

MR. RANDALL.—And a meeting that gave response by applause.

MR. MILLS.—Yes; and it was a meeting of national bankers and high-tariff men; heretics in the Democratic party, and who have always been regarded as heretics from its very foundation.

Why is it that this thing comes from Pennsylvania? The great cry for reform in taxation comes from Pennsylvania, and the protectionists at that. You do not hear anybody in Texas or in Missouri or in Iowa or through the Western country demanding the repeal of the taxation on banks. You do not hear any great complaint from the people about the money that

comes into the treasury being superabundant and about there being no necessity for it.

What man of common sense ever would think of giving away his revenues when he had his debts, bearing interest, due, and demanding payment? But the Congress of the United States is being boldly and insolently asked to-day to throw away the treasures of the people of the United States for the sole purpose of gratifying the godless greed of these monopolists; nothing else in the world. Who is to be benefited by giving away these $17,000,000 that are now received from the coffers of the banks? How many of your people in the West and South will be benefited by that?

The bill passed the House on June 27 by a vote of 128 to 80. It was debated at great length in the Senate, but did not come to a vote during this session.

During the next session of Congress (December, 1882-March, 1883) the bill was again extensively discussed in the Senate. It was finally passed with amendments on February 20, 1883. The House refusing to accept the amendments, a conference was held. The report of this was adopted by both chambers on March 2. President Arthur approved the bill on March 3, 1883.

CHAPTER IX

The Tariff of 1870

Gen. Robert C. Schenck [O.] Introduces in the House a Bill "To Amend Existing Laws Relating to the Duty on Imports"—Debate: Protectionists, William D. Kelley [Pa.], Horace Maynard [Tenn.], Gen. Schenck; Anti-Protectionists, James Brooks [N. Y.], William B. Allison [Ia.], Samuel S. Marshall [Ia.], James J. Winans [O.], Gen. James A. Garfield [O.]—Bill Is Passed—Subsequent Acts of Congress Providing for Further Reduction—Debate in the House [1872] Between Samuel Shellabarger [O.], Protectionist, and Job E. Stevenson [O.], Anti-Protectionist.

FROM 1857 down to the close of the Civil War the tariff question was agitated only when urgent calls for money for the prosecution of the war came up. In 1861 a bill introduced by Justin S. Morrill [Vt.] was passed, raising the tariff of 1857 one-third. This tariff remained in force only a few months. During the following years of the war the need of additional revenue caused measure after measure, revising the tariff upward, to be adopted, and it was inevitable that some protective duties should creep in.

On February 1, 1870, Robert C. Schenck [O.] introduced in the House of Representatives a bill "to amend existing laws relating to the duty on imports." It was discussed at great length throughout the session, and its provisions were finally incorporated in a bill to reduce internal revenue. The new measure became a law on July 14, 1870. Most of the protective features of the existing tariff were retained, though about 130 articles were added to the free list, and the duties on tea, coffee, sugar, spices, and pig-iron were reduced. The real burden of the war tariff was hardly lightened, as the high duties on the necessaries of life still remained.

In the debate in the House on the tariff bill leading

one to damage the other, or to outcheat each other in intercourse and trade. This has been the policy of nations for years and years. But now, England and France, especially England, have rapidly retraced their fatal steps, while for nine long years we have been piling up tariff upon tariff. And this country has become now the most tariffed, the most taxed, and in that respect the most accursed nation upon earth. While God has done everything in this vast Republic of ours to bless us, man seems to be doing his utmost to counteract the Almighty will.

What, Mr. Chairman, more beautiful spectacle exists now than that of free trade in our own country, from the rock-bound shores of Passamaquoddy in the East to the Golden Gate or Puget sound of the West? But how much more beautiful would be that spectacle, if on that long line of imaginary boundary from Miramichi on the East to the straits of Fuca on the West, among that broad-spread English-speaking people, there were but one law for customs, one rule of duties, one universal free trade. On our Atlantic coast, just beyond the waters of Maine, are two valuable islands—Nova Scotia and Prince Edward's. Both of them produce articles which are desirable and necessary for the food and comfort of our country, more especially for the poorer classes of our people—fish of almost all kinds in teeming abundance, potatoes, cheaper than the duties we impose upon them imported, oats, the best in the world, and coal, practically nearer to New England than from the mines of Pennsylvania or Maryland. We might have free trade with both these islands, but it is forbidden by our laws, and we compel the inhabitants there to turn their potatoes into pork, when on the sea coast we are suffering for the supply, and this pork, thus made, goes to Europe, there to come into competition with the pork of our Western States. These islands need and demand our breadstuffs, our cottons, and other manufactures, our boots and shoes, and leather, but we take from them little or nothing wherewith to pay for them, and so turn the whole trade over to England.

Now, if the numerous articles of production of those islands were introduced into this country free, they would enable the mechanics and laborers of New England to live from ten to fifteen per cent. cheaper than they now do. The herring of these waters are largely in demand for the colored population of the South, but our enormous duties forbid their extensive use. Mackerel are much in demand for the West, but few can afford to pay the duties and buy. Thus man fights with Provi-

speakers in favor of the principle of protection were: William D. Kelley [Pa.], Horace Maynard [Tenn.], and General Schenck. Among the important anti-protectionists were: James Brooks [N. Y.], William B. Allison [Ia.], Samuel S. Marshall [Ia.], James J. Winans, [O.], and James A. Garfield [O.].

The Schenck Bill

House of Representatives, March 3-April 1, 1870

Mr. Brooks.—I do not doubt that every gentleman who now listens to the sound of my voice is abstractly for free trade, if free trade could be realized. It is the nature of man to desire the greatest freedom of intercourse, not only with his own countrymen, but with all mankind. God, who has given man dominion over fish and fowl and all living creatures in the earth, instituted no geographical or political boundaries, and He doubtless intended all to commune together as brethren in the freest intercourse and trade. He has given us different climes for different productions, and different races of men, all wonderfully fitted for their varied work of production, and all created profitably to interchange that production; whether from the sea or the soil, whether from the plow, the loom, the forge, or the anvil; whether the work of the muscle or the brain. He has planted us all upon the earth and commanded us to love one another, and not to destroy each other, neither by the sword nor the cannon, nor by what is as fatal to human happiness, by conflicting, damaging, or destructive tariffs that violate all his commands. While, and when, we have struck off the manacles of chattel slavery from 4,000,000 of men, and poured out our blood like water therefor, we have been all that while as ingloriously riveting the chains of monopoly slavery upon 36,000,000 other men in the tyrannical restraints we have imposed upon their personal liberty in trade, commerce, and intercourse; and thus what we gained in the world's estimation by the one great act we lose in the greater crime. Man's audacity, however, on the tower of Babel, inflicted upon him a confusion of languages and of tongues, and hence divided men into States or kingdoms, and with them, as punishments, have come tariffs, or supposed necessities for tariffs to support conflicting governments. In the conflict of these tariffs it has been a struggle among nations to lay countervailing duties, the

dence or the laws of Providence by damaging statutes of his own, and thus the farmer of the South and West is shut off from the valuable fisheries of the East.

In our high protective, or prohibitory, tariff on wool we look only at the surface of things, forgetful of the great fact that the manufacturers of cloth need wool from all parts of the earth—from Germany, from Australia, from South Africa, as well as Buenos Ayres and Montevideo, and that when they are limited to the one producing market of wool there can be little or no variety in these manufactures, and, consequently, less production and less demand even for our own American wool. The European has open to him wool of every fiber or texture; the American, only his own. Hence, we have overstocked the market with our own lines of production but left it free for such as demand a finer, or a more varied, or, in some cases, a cheaper article than our own. We have nearly lost our commerce with South Africa, Australia, and La Plata; and France and England have taken it. To try to raise a sheep, or an extra hide, in Vermont or Michigan, we have driven the white sails of our merchantmen from those seas.

The cold, green hills of Vermont could not compete—God forbids it—with the plains of La Plata or the savannas of Africa; and what we have seen in England and in France and in Belgium we see here now, high wool at home under a low tariff and low wool under a high tariff. While the price of Ohio wool before the high tariff of 1867 was from 54 to 51 cents a pound, it is now down to from 43 to 45 cents. And why is this? It is because the wool raisers of the world have been unnaturally driven from our markets to England, France, Belgium, Germany, and have there glutted those markets, with the millions of pounds we once brought here in our ships, and there, using and mixing the best adapted of the raw materials to the textures they would work, the softer and finer Buenos Ayres and German with the coarser or rougher wools of the world, they have commanded the markets elsewhere, and, in some degree, our own. What our farmers were supposed to gain by a heavy prohibitory tariff upon their wools they have lost in the reduced price of wool in Europe—a price so reduced there as to underbid even the prohibitive protection we gave in 1867 to our woolen manufactures.

On all articles imported into the United States in 1869 the percentage of revenue on the values imported was 41.02 per cent. But what do you think the percentage is on the British importations? While Britain, with a less population than ours,

imports about four times as much as we do, and exports annually about four times as much as we do, the proportion of revenue raised by the British tariff on all imported articles is only 7⅝ per cent. against the 41.02 per cent. of ours. Such are the contrasts of a free trade with our slave trade! Such is the strange, anomalous exhibit of a monarchy and a republic! Such the contrasting picture of the life of a subject and a citizen!

Under this presentation of facts which I have been making, Mr. Chairman, can any one doubt that it is our duty, our immediate duty, to revise forthwith the whole of our custom-house system? Our commerce in our own ships' bottoms has perished; our farmers are dissatisfied; our woolen manufacturers bitterly complain; and we are all of us taxed to death. Well, what would you do? perhaps I am asked. I would take off the duty on coal. I would make it free here as it is elsewhere. I would take off the duty on manufactured lumber and on salt. I would lower the duties on lead and copper, and would reduce the duty on pig iron to $3 per ton.

I would have timber, unmanufactured timber, free—as free as it is in almost all the countries of the world. Timber seems to be an indispensable necessity, and I would not believe men could well live without it if I had not seen them try. God has blessed a large part of our country with the finest timber in the world, and it abounds now in Washington Territory as it once abounded in Maine. But He has given us mighty prairies and uncovered mountains as well as mighty forests. From Chicago, in Illinois, to the Sierra Nevada, on the Pacific slope, there is not timber enough to house the human beings now there, to say nothing of the great hive on the way. Prairie after prairie, in Illinois, in Iowa, in Nebraska, and elsewhere, nude, naked, proclaims the indispensable necessity of timber, while, from peak to peak of the Rocky Mountains, there is the same proclamation, "no wood." And now what are we doing in our strange, unnatural, God-defying tariff? We are actually giving a heavy premium, at this very moment, to the people of Michigan and Maine for the spoliation of their forests, instead of giving them a bounty, as we should, for their protection. Far wiser would it be for us to give 25 per cent. protection to every man who would plant a tree and never use his axe upon the forest than to give a bounty as we do for the destruction of those forests.

I say nothing here in all this of the wrong and injustice in depriving the poor man of the East and center of the cheapest

timber and boards wherewith to build him a house, while the rich can build in brick, or freestone, or marble, or iron. I say nothing of the folly of giving the manufacturer of the East a bounty on his cottons and his woolens when you thus tax his timber and planks and boards of which his manufactory is made. All is folly, all is wrong, from beginning to end, and the wonder is that such folly has advocates in a free-school land.

I come now to the article of pig iron. It should be recollected that two or three years ago we reduced the internal revenue taxes on all manufactured articles. It will be recollected, too, that when at the opening of the war Congress imposed a high internal revenue duty upon all manufactured articles it, at the same time, as a matter of equity, made a corresponding tax increase on imported articles of the same kind. But, though we have greatly reduced internal revenue from the manufacturers and manufactured articles of the country, we have not yet made one cent of reduction in the external tariffs. We have not at all relieved the consumer of the four or five thousand taxes on what he imports. We took off the internal revenue tax upon iron, but we have left the external tax upon iron just where it was.

Mr. Kelley had denied that the bill increased the duty on manufactured iron. Mr. Brooks analyzed the bill to show that it did. He then continued:

Mr. Chairman, I shall not detain the House longer, further than to call its attention to one document which has been sent to us by the Secretary of the Treasury, and that is the report of the gentleman who has the custody of the statistics of the commerce and the navigation of the country, Mr. Nimmo. He records that there are now 117 foreign steamers bringing imports and emigrants into the country, and carrying off our exports, and all under a foreign flag.

When I recapitulate these melancholy facts, Mr. Chairman, with difficulty do I repress the pulsations of my heart, and the passion such a record of national folly and crime inspires. Our great Republic opens upon two oceans, upon the Gulf of Mexico south, and the great lakes north; our continent overflows with all the material necessary for shipbuilding. We have harbors unrivaled; we have seamen, who, from the days of Paul Jones to the days of Farragut, have known no fear nor shrunk from any adventure, who have stormed the fires of Tripoli and of New Orleans, and yet now our commerce scarcely

ventures beyond our capes and headlands, or, if so, it is swept from the open seas by the superior and better maritime administration of England, France, Germany, and even Sweden and Norway. We, who in the Old World have seen, in Asia and in Africa as well as in Europe, the star-spangled banner everywhere—and who have seen it with pride and pleasure—we, who have traced it from the Arctic to the Antarctic, from the Pacific and the Atlantic to the Indian Sea, and from the Indian Sea to the Behring Straits—we, who have seen that flag carried in grandeur and glory all over the earth, now see it scarcely anywhere on any of the broad seas of that earth. It has been banished, swept away, killed, damned, by our accursed tariff. It is gone—almost all gone; the wrecks of it only saved by our exclusive coastwise navigation, or upon the distant shores of the Pacific, too far from England, too far for the mariners of the Baltic to crush it, as it is otherwise crushed and crumbled everywhere upon the open seas.

The most melancholy picture now on the earth, the most deplorable for the American who loves his country, is to see in the harbor of New York, flying from the fleets of shipping there assembled, the British cross of St. George, the tri-colors of France, of Belgium, and of Italy; the red, black, and gold of Germany, and the yellow of Spain—foreign flags everywhere, and the star-spangled banner nowhere but upon some coastwise craft. How is this? Why is this? Are the days of Preble and Decatur rubbed out of the American calendar? Are the *Constitution* and the *Guerrière* forgotten? Are the memories of Tripoli and of the Algerines no more? Have the industry and enterprise of our country gone—all gone? Do we, the sons of glorious ancestral fame, mean to give up the dominion of the seas? Never, never, sir. Even now, while the accursed tariff is pouring into our ships its fatal grape and canister, and the star-spangled banner is going down, every true-hearted American reëchoes the dying words of Lawrence:

"Don't give up the ship."

The effects of the enormous duties which are levied upon our shipping we find set forth in Nimmo's "Statistics," which is a most valuable work. The duties upon a ship are so numerous that it is difficult to remember them all. Even upon the flag that floats over an American ship—the flag of freedom—one, one only, I believe, grasping manufacturer in Massachusetts has laid his clutches and demanded a bounty from that flag;

so that every part of a ship, from its keel and the copper on its sides to the bunting that floats from the masthead, is enslaved to monopoly.

One hundred and forty per cent., and that a bounty to one bunting manufactory on the flag of our country! And, sir, it is but justice that such a tariffed flag should float over such a tariffed country; for the 140 per cent. prohibition bounty on it but represents the almost innumerable bounties of the four or five thousand tariffed articles upon which forty millions of people are now paying taxes.

There will be no finality until justice is done to the great body of the people. There will be no finality until monopoly is brought down and equality is brought up. There will be no finality as long as legislation is so wielded as to make the rich richer and the poor poorer. There will be no finality so long as immense fortunes, with the sluiceway of a Niagara, are pouring into the coffers of a few men to the impoverishment of the great masses of the people.

On March 25 Mr. Kelley[1] replied to Mr. Brooks.

Mr. Chairman, I apprehend that no enlightened student of political economy regards a protective duty as a tax. Even the gentleman from Iowa [William B. Allison] admitted that in most cases it is not; yet influenced, as I think, by a clever story which the chairman of our committee, who is somewhat of a wag, tells, he does not think the principle applies to pig iron. It runs thus: some years ago, during the days of the Whig party, when the chairman of the committee [Mr. Schenck] was here as a Representative of that party and a friend of protection, he met as a member of this House a worthy old German from Reading, Pennsylvania, a staunch Democrat, but strongly in favor of protection on iron. The gentleman from Ohio, who is fond of a joke, said to him one day, "Mr. R., I think I shall go with the free-traders on the iron sections of the tariff bill, especially on pig iron." "Why will you do that?" was the response. "Well, my people want cheap plows, nails, horse-shoes, etc." "But," replied the old German, "we make iron in Pennsylvania; and if you want to keep up the supply and keep the price down you ought to encourage the manufacture." "But you know," said our chairman, "that a protective duty is a tax, and adds just that much to the cost of the article?"

[1] Mr. Kelley was familiarly known as "Pig Iron" Kelley from his faithful advocacy of high duties upon that article.

"Yes, I suppose it does generally increase the cost of the thing just so much as the duty is; all the leaders of our party say so, and we say so in our convention platforms and our public meeting resolutions; but, Mr. Schenck, somehow or other I think it don't work just that way mit pig iron." [Laughter.]

The gentleman, while admitting that protective duties do not always or even generally increase the price of the manufactured article, thinks "that somehow or other it don't work that way mit pig iron." Now, I think that iron in all its forms is subject to every general law, and that the duty of $9 per ton on pig iron has reduced the price measured in wheat, wool, and other agricultural commodities and increased the supply to such an extent as to prove that the duty has been a boon and not a tax. On nothing else produced in this country has the influence of protection been so broadly and beneficently felt by the people of the country at large.

A few years more and we will produce from our own coal and iron our entire supply of iron and steel and compete with England in supplying the demands of the world. The gentleman from Iowa was constrained to admit yesterday that the price of English iron has gone up steadily during the last year, because the demand is in excess of her capacity to produce; yet the price of American pig iron has fallen at least $6 per ton on all grades within the last 10 months. What is the cause of this reduction? Not British competition—and that is the only possible competition—for the price of British iron has risen. No, sir; the price of American iron has gone down under domestic competition and the general depreciation of prices. Keep your duty high enough to induce other men to build furnaces and rolling mills and before five years you will find American iron cheapened to the level of the markets of the world, and that without a commensurate reduction of wages.

The friends of free trade say we do not import enough English iron; we do not import enough English cotton goods; we do not import enough English woolen goods, considering how cheap we can buy them all. If we are to reduce our duties and import more I beg the Representatives of the farming States of the West to demand something like reciprocity on behalf of their constituents, for whose grain there is no market. Every yard of cotton and woolen goods and every ton of iron represent the grain and meat consumed by the families of the men who produced it; and, while our grain goes to waste for the want of purchasers, the friends of protection protest against importing that grown in other countries, even when converted

into cloth or iron. The cloth and iron would be as good if made where well-paid laborers eat freely of American wheat, butter, and meat; and to those who cannot sell their crop at any price a neighboring furnace, factory, or rolling mill would be a blessing, even though they could not buy cloth or iron at English prices.

Of the $108,000,000 England raises by her tariff she gets $32,712,300 by duties on one of our agricultural staples. Her duties on tobacco are taxes, for England has no tobacco fields to develop. They are, therefore, not protective duties. England's duty on spirits is an absolute discrimination against our grain. Were that duty removed the farmer and distiller would be working together, and instead of exporting wheat and corn at prices that will not cover the cost of production and transportation their produce would be manufactured into alcohol, pork, and lard oil; and while our own laboring people would have cheaper provisions the farmer would greatly reduce the cost of transportation and have an ample market for his grain manufactured into alcohol, pork, and oil. Yet gentlemen representing agricultural districts plead with us to admit British goods at lower rates, while she gathers $54,599,865 in a single year by imposing such duties on tobacco as greatly diminish its consumption and such on spirits as preclude the importation of our grain in the only forms in which it can be profitably exported.

MR. BROOKS.—Let me state that our great agricultural products—cotton, which is an immense product, and wheat, corn, etc.—are admitted duty free.

MR. KELLEY.—To that I reply that they take our cotton because they cannot live without it, and our wheat and corn when they cannot buy cereals cheaper elsewhere. France has a duty on wheat and flour even when imported in French vessels. We are too far from the seaboard, and the cost of transportation from our grain fields is too great for us to send them grain in bulk at present prices. The cheapest way of transporting corn is in the form of alcohol. In this form we could send it profitably were their duties not prohibitory. England will take raw materials from countries from which she can buy cheapest. But her much-lauded free trade does not offer any advantage to the American. Gentlemen talk about monopolists, and aver that protection fosters monopolies. Sir, the world has never seen so heartless, so unrelenting, and so gigantic a monopoly as the British Government and the manufacturing power that sustains it. It is a monopoly which has desolated

Ireland and swept her factories from the face of the earth. The manufacturing and landed monopoly of England but a few years ago huddled into their graves the decaying bodies of more than 1,000,000 of the people of Ireland, who died of starvation in a single year.

By peaceful arts, without the clash of arms, we can emancipate the hundreds of millions of people England now oppresses. The source of her power is her commercial and manufacturing supremacy, and this we can and should undermine, as we are its chief support. With our cotton fields, our widespread and inexhaustible deposits of all the metals, and our immense sheep walks, we should supply all our wants. When we do this our commerce will revive, for populous nations that supply their own markets always produce a surplus which they can export at low prices. But now England properly regards us as a dependency more profitable than "all the English-speaking dependencies of the empire."

The gentleman from Iowa [Mr. Allison] says that we are offering inducements to thousands to go at wheat growing; that the homestead law is tempting immigrants to engage in wheat growing and add to the unsalable and unavailable stock. That is true, and how would he improve matters? He agrees with me that the homestead law is beneficent and should not be repealed. What, then, is the gentleman's proposition? It is identical with those we have heard from so many gentlemen—reduced duties on coal, salt, hides, lumber, iron, and woolen goods. This is the burden and refrain of all the sweet singers trained in the musical academy of David A. Wells, Commissioner of Revenue.

Is free trade a specific for all or any of our ills? No, sir, it is sheer quackery, charlatanism. The only cure for the evil of which Western grain growers complain is to increase the number of consumers and decrease the number of growers of wheat; raise, if possible, the wages of workmen so as to make mechanical employments attractive; say to the farmers' sons, "There is work and good wages for you in the machine shop, the forge, the furnace, or the mill"; say to the men whose capital is unproductive on farms, "Build mills, sink shafts to the coal bed which underlies your farm; avail yourselves of the limestone quarry and the ore bed, whether of iron, lead, copper, zinc, or nickel; employ your industry and capital so that it shall be profitable to you, your country, and mankind"; and in a little while you will cheapen iron and steel and make an adequate market for all the grain of the country. The

gentleman's remedy is the theory of the homeopathic physician, that like cures like, which, though it may be correct in physics, is not an approved maxim in social science.

MR. ALLISON.—I would like the gentleman to state how long it will be before that happy period will arrive?

MR. KELLEY.—As the price of iron goes down here it is going up in England; and under the present duty we will soon be able to supply our own demand, and meet England in common markets at equal prices.

Sir, I want to show gentlemen from the West what effect the tariff has on immigration. I have before me the tariffs from the organization of the Government down to the present time, given in *ad valorem* percentages, and a statement of the number of immigrants that arrived in each year, from 1856 to 1869 inclusive. By comparing them I find that whenever our duties have been low immigration fell off, and whenever our duties have been high the volume of immigration increased. This seems to be a fixed law.

It is thus demonstrated historically that, precisely as we make our duties protective of high wages for labor, so do we bring skilled workmen from Germany, Belgium, France, and England to work in our mines, forges, furnaces, rolling mills, cotton and woolen factories, and create a home market for the grain of Iowa, Illinois, and the other States whose farmers complain that they have no market for their grain.

GENERAL SCHENCK.—We have free trade in men.

MR. KELLEY.—Yes, men are on the free list. They cost us not even freight. Yet how they swell the revenues and help us pay the debt of the country! They are raised from helpless infancy, through tender childhood, and trained to skilled labor in youth in other lands, and in manhood, allured by higher wages, they come to us and are welcomed to citizenship. In this way we have maintained a balance of trade that has enabled us to resist without bankruptcy the ordinary commercial balance that has been so heavily against us. We promote free trade in men, and it is the only free trade I am prepared to promote.

On March 30 Mr. Maynard spoke as follows:

It has been confidently asserted that "a tariff is a tax," and "that a tariff on imports is, under all circumstances, a tax which is paid wholly or in part by the consumer." A tax, in political science, is a sum of money levied by authority,

directly or indirectly, from the citizen for the support of the Government.

A tariff is a sum of money exacted from the importation of foreign merchandise. It is a duty, not a tax, a burden *in rem* and not *in personam*,[1] enforced when necessary by a proceeding against the property itself. "Taxes, duties, imposts, and excises," is the language of the Constitution, never tautological. But it is assumed that the importer, in turn, exacts it from the citizen to whom he sells; or, to state the proposition differently, that the tariff invariably and necessarily forms a part of the price and is paid by the consumer. And it is insisted that the price of all like articles of domestic production is equally enhanced as a necessary effect of the tariff; that the duty of $1.25 per ton on bituminous coal, for instance, increases the price just so much to the consumers not only of the 100,000 tons imported from England and the 230,000 from Nova Scotia, but of the 4,000,000 tons from the mines of the United States; and it is further argued that, while the Government receives but $412,500 duty on the coal imported, the American miners receive on their production $5,000,000, and that it all comes from the hard-used, overtaxed consumers. This has been asserted so often, with respect especially to coal, salt, iron, and wool, that a belief has resulted from the continued reiteration. It would follow, then, as a corollary, that no duty should be imposed upon these articles, or indeed upon any others that compete with the growth or production of our own country.

If this doctrine is true of these articles, it is true of all others; for example of butter, cheese, potatoes, and wheat. The duty on butter and cheese is 4 cents per pound, on potatoes 25 cents per bushel, and on wheat 20 cents per bushel. Now, will any man be bold enough or reckless enough to assert that the duty of 4 cents per pound upon butter enhances to the consumers by so much the price not only of the 6,650,000 pounds imported from Canada, but also of the entire produce of our own dairies; or that the duty of 20 cents per bushel on wheat adds that sum or any sum to the price either of American wheat, or of the 1,500,000 bushels imported from Canada. The prices are regulated by the home supply, and the importer must conform to them and pay duties and other expenses out of the proceeds of his sales. How much these amount to the purchaser neither inquires nor cares. Such is the result invariably and under all circumstances when the domestic production approximates the demand so nearly as to regulate the price

[1] "On the thing and not the person."

in our market, as is the case with the articles enumerated above.

He who takes coals to Newcastle for sale must sell at Newcastle prices and pay all expenses. A load of Canadian wheat in the market of Chicago, Milwaukee, or Buffalo sells no higher than a similar load from Iowa, Minnesota, or Illinois. Yet the owner must pay the duty of 20 cents per bushel, besides all his other expenses, and pocket only the net proceeds.

JAMES A. GARFIELD [O.].—With the gentleman's permission, I would ask him a question. I ask the gentleman whether what is brought in from abroad, together with what is produced at home, does not undoubtedly form the total supply upon which must necessarily be based the prices? I ask if prices are not based on the whole supply made up from both these sources, and if it is quite correct, therefore, to say that the Milwaukee supply regulates the prices of Milwaukee products; if it is not rather correct to say that the price results from the total of the Milwaukee product, plus the foreign product, added to it?

MR. MAYNARD.—I think when I have stated my propositions the gentleman will see that we are not very wide apart. The profession to which he and I belong recognizes the principle "*de minimis non curat lex.*"[1] I was attempting to show that, when the domestic production is so great in comparison with the demand as to fix the market price a small importation does not affect it either with respect to the imported or to the domestic article. It follows, then, that the duty on all such articles is paid by the importer for the privilege of our market, and does not under any circumstances fall upon the consumer. It is not, therefore, a tax—not being levied from the citizen, but from the stranger who brings his commodities for trade. This our English brethren and our Canadian neighbors understand perfectly well; nobody better. Hence the loud complaints and bitter invectives against what they denounce as our unenlightened and illiberal policy.

But it is especially as the Representative of a Southern constituency that I advocate the policy of protecting and fostering our manufactures. The opposite doctrine had prevailed for a whole generation prior to the war; and during the war we experienced the bitter consequences. Isolated from the rest of the world, seaward by the blockade and landward by the military lines, we endured privations altogether incredible and difficult to appreciate. With three thousand miles of sea coast, and naval stores and material in abundance, we had neither

[1] "The law looks not at little things."

ships nor seamen. With an unlimited supply of cotton, and wool, and hides, and oak bark, and falling waters, we had neither shirts, nor coats, nor blankets, nor shoes. But for the household industry prevalent in the South beyond other parts of the land, not a few would have been reduced to stark nakedness.

It would be a disastrous policy for the South to repeal the present protective tariff and return to the old condition of things before the war. Let New England and Pennsylvania with their superior mechanical skill and capital; let New York, with her great *entrepôt* of foreign commerce; let the free and mighty West, proud of her growth, satisfied in her abundance and *insouciant* of the future—let them unite, if they will, to discard protection to their labor and to their springing enterprises; the South cannot afford to do it; she is behind them all in the race of prosperity.

But let her industry be protected and fostered for a few years to come as they have been for a few years past and she will be abreast of the foremost.

If, therefore, she is wise she will discard the pernicious counsels of a school of economists whose teachings in the past brought her to a state little better than vassalage, dependent and in debt in time of peace, without resources in time of war. She will embrace the same policy which has made other parts of our common country wealthy, prosperous, and great. I appeal, then, to my Southern associates. I invoke a common interest. Differing as we have differed in the troubled past or as we may differ even now on questions of political expediency and justice, we surely can agree on a line of policy which will develop our commerce, our mines, our manufactures, no less than our agriculture.

On March 31 General Schenck defended his bill.

The speeches which have been made have generally been presented by gentlemen as embodying their views in regard to free trade on the one side, and a system of protection to the industry of the country upon the other. And, if there were really any great and marked difference among the people of the country in respect to two policies of this kind, then, perhaps, the most significant debate indeed would be that which we have already had. But, Mr. Chairman, I cannot see that the arguments made have to any great extent approached, much less settled and disposed of, the various questions that are involved;

for the simple reason that I do not understand that there is any such thing as free trade to talk about.

What is free trade? A myth! A fancy! If the phrase have any meaning at all it must convey one of two ideas—perhaps only one. That one idea would be strictly this: that we should permit all articles imported into our country from abroad to come in without any charges at all in the shape of impost duties. That would be really free trade. There may be, however, by courtesy, allowed to the expression another signification or definition. Persons might be held to favor a doctrine of free trade who should advocate the plan of admitting articles of every kind and description upon the same footing and with equal charges, uniform percentage of duty being imposed upon all alike.

But free trade, as described in either of these two ways, has no existence, never has had, and never will have in any civilized country. We recognize by our legislation, and have in this country from the beginning recognized, the expediency of allowing some things to come in without any charges at all, while we put charges upon other articles, and discriminate in reference to those upon which we do impose duties, admitting some of them at higher and some at lower rates than others; and wherever there is this condition of things to talk about free trade is to my mind the sheerest nonsense. It is giving the name of a theory and an abstraction to that which is above all others a purely practical thing.

Perhaps the gentleman upon this floor who comes nearest the idea of favoring pure free trade is my colleague from one of the Cincinnati districts [Job E. Stevenson]. In the course of his remarks he took occasion to say that he longed for the time to come when no duty should be imposed upon any article imported; but that the Government should be carried on and have all its needs supplied by direct taxation imposed upon all property and articles of every kind in proportion to their value. Now, if I understand that, it is going a little beyond the platform of the Democratic party, and is going entirely beyond all practice and all experience of this or any other civilized country in the present day.

Try this, and what shall we come to? This theory, if reduced to practice, according to the longing desire of my colleague, would bring us to a condition of things when every acre of land would be directly taxed for the support of the general Government, and every cow, and every horse, and every part of the whole property of the country would have to pay

the same as articles of luxury, the same as accumulated capital. Give up a tariff, give up discrimination, adopt this scheme of equal, horizontal, direct taxation, dreamed of and hoped for by my worthy colleague, and milk, which costs about the same to produce it as whisky, would be taxed the same as whisky, and potatoes would be charged the same as tobacco. Now, sir, I object to all that. I am for discriminations in our internal taxation, with reference to which it is not proper that I should speak now; and I am equally for discriminations in the charges made in the shape of duties upon articles brought in from abroad.

Another colleague of mine, my friend from the Xenia district [James J. Winans], meets at the very threshold this question, whether it be right or expedient to discriminate in the rates of duties imposed, by claiming that, as in his opinion he has proved from the Constitution that a tariff levied for any other purpose than revenue is totally against the provisions of that instrument, therefore to extend protection by any discriminating duty to the industries of the country or interests of the country in any shape is clearly unconstitutional. In this I think he, too, goes a bowshot beyond anything that even the Democrats of the country, as a party, have ever maintained. He certainly disagrees with the fathers who made the Constitution.

Here General Schenck read the preamble to the first tariff act passed by Congress.

MR. MARSHALL [Ia.].—The decision of the framers of the Constitution upon a question of this kind, supposing it to have been brought to their attention and decided deliberately, would be entitled to great weight. But I submit that a mere expression in a preamble, which for aught that we know was not carefully considered, which may not have been brought to the attention of one-fifth of the members who voted for the bill, which there is no evidence to show was considered at all, is entitled to no weight. How often in this House do bills for which we all vote have preambles that not one in twenty knows anything about? There is no evidence that the men composing the Congress to which the gentleman has referred decided deliberately that the power to enact a tariff for protection was granted in the Constitution. The tariff act which they passed was not in fact a protective tariff in the sense in which the term is now used. The duties which it imposed amounted on the average to but 8½ per cent.

MR. SCHENCK.—My friend from Illinois begs the whole question. He stultifies the fathers, and endeavors to get rid of a solemn, clear expression of their opinion, embodied in such shape as to be spread upon the statute book of the country, and there taking the form of the most authentic record, by supposing that they did not know exactly what language they were using or what was its significance. I have no reply to make to such an assumption—none whatever.

But my colleague from the Xenia district [Mr. Winans], approaching the question of discrimination for protection as involved in this bill, and as it is found in the present and all former tariff laws of the United States, announces another proposition which struck me as exceedingly extraordinary.

He said it might happen that even in a tariff imposed only for the purpose of revenue some benefit or good might come to some interest of the country; but, if it did, it was a matter that could not be helped and was to be deprecated.

MR. WINANS.—One of the reasons for that was this, that, while it increased the price of the goods to the consumer, it gave no benefit to the Government, and therefore ought to be deprecated.

MR. SCHENCK.—I have nothing to do with my colleague's reasons.

His doctrine is this: a tariff can only constitutionally be laid for revenue; it may be that in laying it even for revenue alone some citizen or some home interest will be helped; but that is a pity and to be deplored. Great Heaven! is that to be our idea of government? I always thought every government, most of all every free government, every nation under any organism of government, ought to be regarded as the great *alma mater* of her children, and if, by her legislation, designed even for the purpose of carrying on public affairs and supplying her ordinary needs, she could shower plenty broadcast over the land, it was a thing every patriot ought to congratulate himself on rather than think it, as my colleague does, a pity! something to be "deprecated"! What a narrow, selfish, heartless, hard policy of government that must be which shrinks from building up anything, from helping anybody, from advancing any interest even by accident! No, my colleague not only denies us incidental, but he will not let us have even accidental protection. "Incidental protection" used to be the favorite phrase, but he goes one step further, intensifies the idea, and then deplores it if we should by any chance, and without cost or increased burden, get advantage to any interest in the country.

We must not have any protection by discrimination, says my colleague; and why? He claimed that protection to be of any avail must so far be prohibition, and that all prohibition being wrong there should therefore be no protection. According to such reasoning you cannot shut out cholera or the small-pox. You cannot prohibit the importation of venomous snakes. You must put so many dollars or so many cents of duty on the head of each serpent, or else let the snakes come in free. I have no such narrow idea of the Constitution of the United States as that. Under its wise provisions and distinctly given authority we cannot only levy taxes and pay debts, but regulate commerce and provide for the general welfare. I believe it is a mere question of discretion, a discretion to be properly exercised, to prohibit anything from coming which may be hurtful to the country, or to prescribe the conditions on which anything shall come in. We may say that whatever it is desirable to have, and upon which we do not want to raise revenue, shall come in free; we may impose duties upon any class of articles we see fit; and we may discriminate between the different classes of those articles, so as to let some come in at a higher and some at a lower rate of duty. That is my idea; and I venture to say that such is not only the practice of this Union and of all civilized nations, but that it has been the true and unvarying interpretation of our Constitution, settled and declared first by those who made that instrument, and adhered to by all parties, Administrations, and Congresses ever since.

On April 1 General Garfield spoke.

The great Coleridge[1] once said that abstract definitions had done more injury to the human race than war, famine, and pestilence combined; and I am not sure that a philosophical history of the struggles and difficulties through which the civilized world has passed would not prove the truth of his observation. I trust no such disasters are likely to result from this discussion, and yet I think we are approaching the verge of a great danger from a similar cause. The most acrimonious utterances we have heard in these speeches were made concerning the abstract ideas of free trade and protection; and I fully agree with my colleague [Mr. Schenck] in his declaration that a large part of the debate has not applied to the bill, but to abstractions.

There is no doubt a real and substantial difference of opin-

[1] Samuel Taylor Coleridge.

ion among those who have debated this subject; a difference which discloses itself in almost every practical proposition contained in the bill; but I am convinced that the terms used and the theories advocated do not to any considerable extent represent practical issues. There are, indeed, two points of the greatest importance involved in this bill and in all bills relating to taxes. One is the necessity of providing revenue for the Government, and the other is the necessities and wants of American industry. These are not abstractions, but present imperative realities. As an abstract theory of political economy free trade has many advocates and much can be said in its favor; nor will it be denied that the scholarship of modern times is largely on that side; that a large majority of the great thinkers of the present day are leading in the direction of what is called free trade.

MR. KELLEY.—The gentleman says no man will deny that the tendency of opinion among scholars is toward free trade. I beg leave to deny it, and do most positively. The tendency of opinion among the scholars of the continent is very decidedly toward protection. This is strikingly illustrated by the recent publication in six of the languages of the continent of the voluminous writings of Henry C. Carey, and their adoption as text books in the schools of Prussia. I think the gentleman's proposition is true of the English-speaking people of the world, but that the preponderant tendency is the other way.

MR. GARFIELD.—With the qualification which the gentleman makes, we do not greatly differ. Take the English-speaking people out of the world, and civilization has lost at least half its strength. I detract nothing from the great ability and the acknowledged fame of Mr. Carey when I say that on this subject he represents a minority among the financial writers of our day. I am trying to state as fairly as I can the present condition of the question; and in doing so I affirm that the tendency of modern thought is toward free trade. While this is true, it is equally undeniable that the principle of protection has always been recognized and adopted in some form or another by all nations, and is to-day to a greater or less extent the policy of every civilized government.

The economic doctrines known as the Mercantile System, which prevailed throughout Europe during the seventeenth and eighteenth centuries, gave shape and character to the colonial policy of all European governments for two hundred years. It is a mistake to suppose that in planting colonies in the New World the nations of Europe were moved mainly by a philan-

thropic impulse to extend the area of liberty and civilization. Colonies were planted for the purpose of raising up customers for home trade. It was a matter of business and speculation, carried on by joint stock companies for the benefit of corporations.

While our Revolution was in progress Adam Smith, when discussing and condemning the colonial system, declared that "England had founded an empire in the New World for the sole purpose of raising up customers for her trade."

When the colonies had increased in numbers and wealth, the purpose of the mother country was disclosed in the legislation and regulations by which the colonies were governed.

Whatever did not enhance the trade and commerce of England was deemed unfit to be a part of the colonial policy.

Worse even than its effects on the industry of the colonies was the influence of this policy on political and commercial morality. The innumerable arbitrary laws enacted to enforce it created a thousand new crimes. Transactions which the colonists thought necessary to their welfare, and in no way repugnant to the moral sense of good men, were forbidden under heavy penalties.

They became a nation of law-breakers. Nine-tenths of the colonial merchants were smugglers. Nearly half of the signers of the Declaration of Independence were bred to commerce, to the command of ships and to contraband trade. John Hancock was the prince of contraband traders; and, with John Adams as his counsel, was on trial before the admiralty court, in Boston, at the exact hour of the shedding of the first blood at Lexington, to answer for a $500,000 penalty alleged to have been incurred as a smuggler.

Half the tonnage of the world was engaged in smuggling or piracy. The war of independence was a war against commercial despotism; against an industrial policy which oppressed and tortured the industry of our fathers, and would have reduced them to perpetual vassalage for the gain of England.

In view of these facts, it is not strange that our fathers should have taken early measures not only to free themselves from this vassalage, but also to establish in our own land such industries as they deemed indispensable to an independent nation. The policy I have described prevailed throughout Christendom, and compelled the new Republic, in self-defence, to adopt measures for the protection of its own interests.

No one now fails to see that the European policy of the seventeenth and eighteenth centuries was as destructive of national industry as it was barbarous and oppressive. Political philosophers did not hesitate to declare that a general and devastating war among other nations was desirable as a means of enhancing the commerce of their own. The great Dryden, poet laureate of England, was not ashamed to begin one of his noblest poems, the Annus Mirabilis, by invoking the thunders of war on Holland for the sole purpose of reducing her commercial prosperity.

A better civilization has changed all this; has expanded the area of commercial freedom, and remanded the industry of nations more and more to the operation of the general laws of trade. But it must be borne in mind that the political millennium has not yet come, when all nations belong to one family, with no collision of interests and no need of distinct and separate policies. Until that happy period arrives, each government must first of all provide for its own people. Protection, in its practical meaning, is that provident care for the industry and development of our own country which will give our own people an equal chance in the pursuit of wealth, and save us from the calamity of being dependent upon other nations with whom we may any day be at war.

In so far as the doctrine of free trade is a protest against the old system of oppression and prohibition it is a healthy and worthy sentiment. But underlying all theories there is a strong and deep conviction in the minds of a great majority of our people in favor of protecting American industry. And now I ask gentlemen who advocate free trade if they desire to remove all tariff duties from imported goods? I trust they do not mean that. Do they not know that we are pledged, by all that is honest and patriotic, to raise $130,000,000, in gold every year to pay the interest on our public debt; and will they not admit the necessity of raising $20,000,000 more a year, in gold, as a sinking fund, to apply to the principal of the public debt? Will it be wise statesmanship to raise less than $150,000,000 in gold a year? If this be admitted we have the limit within which we may reduce the duties on imported goods.

Let us next inquire in what way this reduction may be so made as to give most relief to industry. And here let me say that, in my opinion, the key to all our financial problems, or at least the chief factor in every such problem, is the doctrine of prices. Prices exhibit all fluctuations of business, and are as sure indicators of panics and revulsions as the barometer is of storms. If I were to direct any student of finance where to begin his studies I should refer him to the great work of Thomas

Tooke on the "History of Prices," as a foundation on which to build the superstructure of his knowledge.

But to make the study of prices of any value we must examine the elements which influence prices. Some of them lie beyond our control, while others are clearly within the reach of legislation. Among the most prominent influences that affect prices are seasons, crops, the foreign markets, facilities of transportation, and the amount and character of taxation and of the currency. All these combine to regulate and determine the prices that prevail in one country as compared with prices in others. "The early and the latter rain," abundance and famine, war and peace in other nations and sometimes in our own are elements beyond our control. But we are responsible for the statutes which regulate trade, transportation, currency, and taxation. It is in our hands to place the burdens of taxation where they will impede as little as possible the march of industry, and least disturb the operation of the great laws of value, of supply and demand.

I stand now where I have always stood since I have been a member of this House. I take the liberty of quoting, from the *Congressional Globe* of 1866, the following remarks which I then made on the subject of the tariff:

"We have seen that one extreme school of economists would place the price of all manufactured articles in the hands of foreign producers by rendering it impossible for our manufacturers to compete with them; while the other extreme school, by making it impossible for the foreigner to sell his competing wares in our market, would give the people no immediate check upon the prices which our manufacturers might fix for their products. I disagree with both these extremes. I hold that a properly adjusted competition between home and foreign products is the best gage by which to regulate international trade. Duties should be so high that our manufacturers can fairly compete with the foreign product, but not so high as to enable them to drive out the foreign article, enjoy a monopoly of the trade, and regulate the price as they please. This is my doctrine of protection. If Congress pursues this line of policy steadily, we shall year by year approach more nearly to the basis of free trade, because we shall be more nearly able to compete with other nations on equal terms. I am for a protection which leads to ultimate free trade. I am for that free trade which can only be achieved through a reasonable protection."

While in 1871 the tariff question was again agitated no legislation was enacted. During the following year revenue was decreased, first, by removing the taxes on tea and coffee on May 1, and, second, by admitting large classes of manufactures to a reduction of ten per cent. on June 6.

During this session of Congress the tariff was discussed to a great extent. Among the most notable speakers in the debate in the House were Job E. Stevenson [O.] and Samuel Shellabarger [O.]. Stevenson was, with the possible exception of Samuel S. Cox [N. Y.], the most powerful exponent of "tariff reform," which was clearly indicated as a leading issue in the presidential campaign that was just beginning, and Shellabarger, who, though recognized as the strongest and most thorough-going advocate of Republican principles, had heretofore kept out of the tariff discussion, was led to come forward in support of his party, and to demolish the arguments, not only of Stevenson, but of the great economist, David A. Wells, who had recently made an exhaustive report on the tariff.

It was understood that Mr. Wells had also inspired the plank in the platform of the new Liberal Republican party, which, inviting Democratic and Republican free trade adherents to the support of Horace Greeley, a protectionist, declared in favor of taking the tariff out of partisan politics.

Protection and Politics

House of Representatives, May 1–16, 1872

On May 1 Mr. Stevenson spoke on the inconsistency of protectionists.

The great obstacle to reform is the "hostility" of prohibitory protectionists to moderate measures. These propagandists appear to consider every effort at relief as an attack of an enemy which they are justified in repelling by all means in their power; hence they discard candor and fair dealing, and act upon the maxim that "all is fair in war." With such antagonists there is no possibility of agreement. They use every weapon of logic and fallacy, fact and fiction. They are ready to assert whatever is denied, to deny whatever is asserted, and no proof satisfies them. They maintain contradictory statements and theories in the same speech, if not in a breath, as combatants fight before and behind, at the right hand and the left, caring only to defend themselves or offend their assailants.

Inconsistent as are the arguments of those who advocate the exclusive policy, their practices are more contradictory.

Here the speaker dwelt at length on the contradictory policies of the States favoring the national exclusive theory. Pennsylvania, for instance, in her internal taxation system, laid special taxes on manufactures.

Mr. Stevenson continued:

If we accept the claim of "protection" as the giver of wealth, and begin to cast accounts with favored interests and States to see what they have gained by the policy, its advocates turn about and indignantly deny that it increases the price of protected articles, and denounce those who assert or assume the fact.

If the opposite theory be true, then how can the reduction or the repeal of duties on imports injure domestic manufactures? And why do manufacturers come to Congress on every rumor of a change of duties? What fills our committee rooms and lobbies and this hall with interested men? What prevents our proceeding at once to adjust the tariff to a revenue standard? If duties do not aid the American producer, surely we should consult the wishes of consumers and the interests of the treasury.

On May 16 Mr. Shellabarger replied to Mr. Stevenson.

I venture to copy the words of my most excellent colleague, Mr. Stevenson, who leads the "revenue reformers" of our party from Ohio in Congress, and say as he said in the great debate of March, 1870, to General Schenck:

"We are much nearer together than you think we are."

Now let us see if our differences go deeper than to the mere surface, the "incidentals," the matters of differences as to how best we shall get at what we all want—the things "tentative"—and as to which experiment, trial, experience, will, by their teachings, bring us quickly together.

First. Who in the Republican party does not revolt at the idea of making a law that shall confessedly tax out of one man's earnings parts of them and give it to another without giving to the taxed man a pecuniary equivalent of some sort? There is no such man.

Second. Neither is there an intelligent man in the country

who favors protecting interests here which are not "legitimate." That is, nobody is for fostering industries by legislation whose products, owing to the permanent conditions under which they must ever be produced here, cannot be produced without much greater expenditure of human labor than is required in other countries. For illustration, nobody is for what was rendered famous by the epigram of an English statesman, "Making protected wine out of grapes raised in hothouses in Scotland."

Third. So, on the other hand, no Republican fails to insist that any law which really does have the effect of here creating or augmenting a great and legitimate industry does by necessity bring to every member of the nation other benefits than the revenues it may yield to our treasury, benefits precisely as real and compensatory, as clearly within the cognizance of just legislation, and just as much to be counted in estimating the wisdom of a revenue law or tariff law as is the item of what revenue it gives the treasury.

Among these benefits claimed for a law which really has this effect of creating or augmenting in our country a great industry or industries may be named these: that by adding a home to a foreign competition you secure an ultimate reduction of prices; that the presence in our country of these industries creates a home market for some of the productions of the consuming class, which, owing to their weight, or perishable qualities, or the state or distance of transportation, or the state of foreign custom laws, or the like, he could get no market for abroad. Or the benefit the consumer gets may be in the fact that his lands are enhanced, or his business or profession or trade, by having this country built or filled up with these industries.

Every civilized government in the world, every practical and eminent ruler in our own history, every modern code of commercial law enforced by enlightened states, unite with our own entire and wondrous history in pronouncing it the first duty of government to "protect" as well the industries as the lives and properties of their people.

CHAPTER X

A Tariff for Revenue Only

[proposed wood bill of 1878]

Fernando Wood [N. Y.] Introduces a Bill in the House for a Revision (Downward) of the Tariff—Debate: in Favor, Mr. Wood, John R. Tucker [Va.]; Opposed, William McKinley [O.], William D. Kelley [Pa.], Gen. James A. Garfield [O.]—Bill Fails to Come to a Vote—General Winfield S. Hancock on the Tariff.

ON March 26, 1878, Fernando Wood [N. Y.] reported in the House, from the Committee on Ways and Means, a bill reducing customs duties and reforming the entire system of the tariff. It came up for discussion on April 9.

Reform and Reduction of the Tariff

House of Representatives, April 9-June 4, 1878

Mr. Wood.—It will be remembered that taxation simply consists in imposing exactions for the support of the Government. It was not designed that any other considerations should enter into the discharge of this trust. The burden, whether great or small, was to be borne by the whole people upon principles of equity and equality.

The United States has never had a permanently established system by which to procure revenue and to regulate its commerce with other nations. Nor is this singular in view of the fact that we have been undergoing remarkable changes since our national birth. Within the century of our existence the policy that was desirable at one time would have been very unfortunate at another, and at no time have we been so circumstanced until now that we could adopt political economies purely American. That period has arrived. For the first fourth of our century of life we were emerging from a colonial chaotic

condition, struggling to cement fraternity among ourselves and to furnish mutual protection against others. The next quarter of the century was devoted to the ascertainment of our resources, and an assertion of our independence upon the seas. The third quarter was distinguished by the expansion of our territory, the acquisition of mineral resources of incalculable value, and a gradual growth of the nation toward becoming a great maritime power. While the last fourth of the century has marked the most extraordinary epoch in our history—distinguished for its extinction of slavery—the greatest civil war of any time, and its consequent demoralizing and stimulating effects upon values, and the vicious legislation which of necessity followed. The nation, in consequence, lies weakened and prostrated, and sick almost unto death.

We are now brought face to face with the solemn consideration of the present, and the great duties of the future. Doubtless those who shall write the history of this century hereafter will not fail to discover that in this latter period to which I have referred, comprehending the present time, could be traced the germ of the subsequent national grandeur, wealth, and power, which I now see clearly are, with wisdom in our legislation, susceptible of accomplishment. There is now no pending question which is within itself of sufficient importance to the people to make it worthy of a moment's consideration as compared with that of establishing a policy of international commercial intercourse, connected with a policy of taxation, which shall be wise in its inception, permanent in its character, less onerous in its exactions, and have for its prime objects a fuller development of our material resources, and a more profitable disposition of the fruits of labor, the results of enterprise, and the security and profits of capital.

These objects are to be secured by the application of principles in legislation which shall take from labor and capital the minimum of taxation with a maximum of advantage in return, by economy in administration, and the fullest possible development of the resources of the country, from which both production and commerce shall derive an equal, honest, and legitimate advantage in the prosecution of their industries.

The fundamental basis upon which our legislation to promote these objects should rest is that production and commerce are twin sisters, and should go hand in hand—that one is indispensable to the other. There can be no antagonism between them. While it may be true that the present cost of internal transit in this country has imposed and does impose an undue

burden upon production, arising altogether from a monopoly of the power of transmission, yet this will not be the case either upon the land or the ocean if in our new departure we shall adopt enlightened principles.

The levying the duties upon foreign goods and direct taxes upon domestic goods and interests may be considered not only as questions of revenue, but also as susceptible of being made the methods by which all interests can be subserved and the national resources more fully utilized. If the authority to impose taxes can be used to advantage one class, is it not well for us to consider whether it cannot be used as well for all? not only to promote the home industries, but to advance the prosperity of all sections and every enterprise, whether commercial, agricultural, mechanical, or manufacturing.

While unquestionably the power to tax if confined to its legitimate object is restricted to that duty alone, yet if it can be made an instrument so as to combine other objects not inconsistent with just and equal taxation, by which the whole nation, as well the people as individuals, shall be alike advantaged, then is it not our duty to adopt it? To this end we should connect with our system a more enlarged and comprehensive scheme than that which now exists.

With a larger seaboard than any other nation, and with material resources in excess of our capacity of consumption, we must encourage and promote the adoption of such relations with other nations as will open up the markets of the world, and make the whole universe contribute to our prosperity.

But the further development of our material resources will avail us little if commerce does not stand by to utilize the results. The large surplus yield of our agriculture would be of trifling value if it could not be carried to other consumers than those who produce it. The same principle applies to manufactures and minerals. We should therefore adopt a policy which shall create facilities purely American for the transmission of the excess over our own consumption to foreign buyers and consumers. Nor will this be the only advantage of such a policy. It will lead to a larger interchange of commodities between other nations and ourselves, in which we will be the gainers. We shall take from them the articles which our soil or climate will not enable us to produce, and return them back in manufactured form, thus deriving profit from our superior capacity, energy, or ingenuity.

Before proceeding to consider how best to avail ourselves of these advantages by legislation, it may be well to look at the

laws as they now exist and to see in what regard the present tariff operates as an obstruction to the enlargement of our foreign trade. I approach the subject with a full appreciation of the difficulties attending any change, however desirable it might be.

The laws as they now exist are mainly the creation of the last fifteen years. Within the period from 1861 to 1876 were passed one hundred and eight laws relating to the tariff and the collection of duties. Nearly every one of these acts was the creation of some special domestic interest or to subserve some partisan purpose.

The evils of the present tariff laws are so outrageous that it is difficult to speak of them with patience. They are the results of a series of assaults through legislation upon the pockets and labor of the people. They are immoral in theory, utterly indefensible in practice, and without any merits upon which their most ingenious and well-paid beneficiaries can maintain their defence. And yet we do not propose to deal with them as their demerits deserve. I recognize an implied moral right to a little longer continuation of the favor which they afford to the manufacturing interests. The bill reported affects them, so far as the rates of duties are concerned, but little. Its reductions are trifling as compared to what they should be, and in my opinion they could well afford to bear. If I had the power to commence *de novo* I should reduce the duties 50 per cent. instead of less than 15 per cent. upon an average, as now proposed.

The committee has not undertaken to reform all the abuses of the present tariff. Though fully conscious of the necessity of effecting many radical changes sooner or later, we were content with a simplification of methods of assessing the duties, changing the phraseology, so as to avoid ambiguity and doubt as to the proper duty to be levied, a large curtailment in the number of articles to be assessed for duty, and ingrafting upon the law important provisions looking to a more liberal commercial intercourse with foreign nations.

The changes proposed are designed to be the foundation for a permanent measure, comprehending new principles and a lopping off of the complications and contradictions now existing in the present laws.

The bill reported has but one list so called, and that is the dutiable one. It has no compound rates, the duties being either *ad valorem* or specific, and the latter as far as practicable. It has no free list as such; all articles not enumerated and specifi-

cally named are to be admitted free. In lieu of the duties now levied upon the cost and charges added to the original cost or value of the articles imported at place of production or export, which has been the source of so much litigation between the Government and the importers, the bill fixes an allowance of 5 per cent., equally applicable to all merchandise coming in under the *ad valorem* principle. It levies a discriminating duty of 10 per cent. additional upon all merchandise imported from and the growth and production of any country which discriminates against the United States in the admission of our products to their ports.

This provision is not intended as retaliatory, but is designed as an inducement to those foreign countries whose treaty stipulations prefer other nations to our own to make commercial regulations with us which shall place us upon an equally favorable footing. The bill in this, and in its general scope and tenor, looks to an enlargement of our foreign commerce, not only in its navigation, but also in facilities for the profitable sale of American-grown products of every character. Another and important provision is that which proposes to establish manufacturing bonded warehouses, and the benefit of drawback upon all exported goods containing any foreign material subject to duty. It is designed to encourage the exportation of American manufactured products of every character, by affording them the raw material free of duty, so that they can compete with any other like manufactures in the markets of the world. We believe that it is only necessary to afford our people an equal chance with all others in order to prove to foreign nations that we are equal if not superior to them in our manufactures.

The bill will materially reduce the cost of collecting the customs revenue. I may safely claim that the simplification, together with the curtailment of the number of dutiable articles and the abolition of the free list, will reduce the cost at least 15 per cent. Another considerable saving will be gained in the authority given to the Secretary of the Treasury to consolidate the collection districts, now the source of a large and unnecessary outlay; many of them are kept up at several thousand dollars' expense without producing any return whatever in the way of duties collected.

Some apprehensions have been entertained that the reduced rates proposed will cause a loss of revenue. There is no necessity for fear on this account. The removal of the ambiguities of the present tariff and the easy and speedy liquidation of

entries which will follow will operate as much to increase the importations as the proposed reduced rates will cause loss of revenue.

The many obstructions now existing in entering goods at the custom houses and of speedily ascertaining the amount of duty to be paid will under the new system be very much if not altogether removed.

A merchant will know in advance the exact amount of duty to be paid, which will facilitate commerce and the Government will collect the duty without delay or litigation. Those who are not familiar with the present machinery used in the collection of duties will be slow to believe the great losses to the treasury which are constantly occurring in consequence. It has been estimated that the Government loses from 10 to 15 per cent. of the amount it should collect.

The losses occurring by evasions of the law, collusion with officials, and smuggling will, if the reforms proposed be carried out, be much lessened, and the opportunity for frauds and the demoralizing effect upon Government officers prevented.

The reductions proposed in the present tariff will afford much relief, and, as I have shown, without injury to the treasury. A corresponding reduction can be made in direct taxes, and yet sufficient revenue can be relied upon to meet the interest upon the public debt and defray all the necessary expenses of administration, if conducted upon a like scale of economy, as the taxpayers are now compelled to apply to their own individual affairs.

The principal opposition to a change in the tariff emanates from the friends of extreme protection to the manufacturing interests.

Whatever may have been the excuse originally for the governmental bounty to the then infant manufactures, it does not now exist and should not be continued, because the necessity for it no longer remains. They have reached so high a degree of excellence and grown so strong that they not only need not fear foreign competition here, but are able to maintain themselves in other countries against any opposition or rivalry there. This is the fact, especially with regard to the leading and the most protected interests. The iron and steel, the woolen, the cotton, and the silk productions of the United States are now forcing themselves into foreign markets by no other aid than their own superiority and conceded merit.

It is only necessary for us to have the opportunity to establish reciprocal trade with all the nations of the world in order

to show our superiority. Certainly American industries, so far as manufactures are concerned, have reached so high a degree of perfection that we can have nothing to fear. An exclusive policy, like that which the protective system implies, is not applicable to modern times. No nation now lives within itself. Science has served to unite the human race into one common family. While political institutions and language separate them into individual communities, yet in interests, in social ties, in rapid and constant intercommunication, in interchange of products, they have become solidified and concentrated. The former barriers which prevented general fraternal concord have been shattered, if not altogether broken down. The telegraph and the rapidity by which intercommunication is constantly conducted have caused a similitude of thought and action. The result of this will speedily effect reciprocal interchange of products and commodities, and that people which can supply another to the best advantage will command appreciation.

As a consequence the United States will receive universal recognition in all things in which we strive to excel. Hence the removal of any obstructions upon our part to the full consummation of this coming assimilation and consolidation is demanded by every consideration of self-interest.

As we have set the example of free political institutions and the recognition of the rights of the people, holding up to other nations the example of free political thought and action, it is our duty to lead off in the free interchange of productions and the removal of those barriers which serve only to dwarf human energy and to keep fettered in a subordinate condition the manual power of labor.

While firmly convinced of the justice and necessity of an abolition of the protective policy, I do not propose at this time to make the application. The bill reported by the committee makes but slight reductions from the existing tariff. These reductions are made in a way and in a direction that will not affect existing manufacturers. They are rather intended as an indication that the special favor which has been so long extended must sooner or later be materially modified and finally be withdrawn altogether. I recognize in consequence of the present tariff a moral right in the interests affected for a little longer enjoyment of the sustenance so liberally dispensed to them. I think that the advantages which the bill extends to them very much outweigh any injury inflicted by a reduction of the rates. New principles are sought to be ingrafted upon

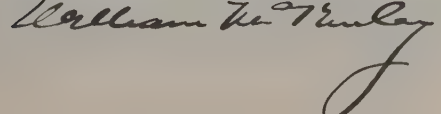
the policy of the Government extending facilities for the exportation of American manufactures which are not now enjoyed.

In contemplating the needs of the country, is it not time for statesmen and thoughtful men to raise themselves above the mere conflicts of party? Is there no higher object worthy of their effort than to become mere partisan retainers and gladiators? Is it not the duty of the intellect of the nation, with opportunity in public life, to initiate and shape legislation looking to a fuller development of our material resources and a more profitable use of the advantages which God and nature have given us? However desirable a reform in the civil service may be and however important the preservation intact of the political organizations to which we belong may be, yet these and all other pending questions are secondary to that of the political economies, involving in their consideration the highest interests of the present as well as of succeeding generations, by an intelligent utilization of existing yet hidden superior possessions.

On April 15 William McKinley [O.] opposed the bill.

I am opposed to the pending bill from a high sense of duty, a duty imposed upon me by the very strong conviction which I entertain, after an examination of its several features, that should the proposed measure become a law it will be nothing short of a public calamity. It scales down the much needed revenues of the Government. Although this proposition was denied by the distinguished gentleman who opened this debate [Mr. Wood], I desire in this connection to call attention to a carefully prepared statement by Mr. Young, superintendent of the Bureau of Statistics, in which it is shown that the revenues to be derived under this bill, if it shall become a law, estimated upon the basis of the importations of 1877, will fall short of the revenues of that year something more than $9,000,000.

This bill not only impairs the revenues of the Government, but it is a blow well directed at the mining, the manufacturing, and the industrial classes of this country. It will not be denied that any material readjustment of the tariff system at this time is a delicate and hazardous undertaking, and should be approached if at all with great care and circumspection, with a thorough knowledge of the business and commerce of the country, their needs and relations, which it proposes to affect. Its consideration should be unincumbered by individual or sectional interests, and should be free from any attempt or desire to promote the interests of one class at the expense of the many.



The highest good to the greatest number should guide any legislation which may be had. I believe if this rule shall be adopted the proposed measure will find little favor in this House.

I do not doubt that free trade or its "next of kin," tariff reform, might be of temporary advantage to a very limited class of our population and would be hailed with delight by the home importer and foreign manufacturer; but no one, I predict, who has thoughtfully considered the subject and its effect upon our present state and condition can fail to discern that free trade or tariff reform introduced into this country now will produce still further business depression and increased commercial paralyzation.

Our once prosperous manufactories are barely able now with the present duties upon imports to keep their wheels in motion; and what, I ask, must become of them if the foreign-manufactured product which competes with the manufactured product of the United States shall be suffered to come into this country free of duty or at reduced rates of duty?

But, Mr. Chairman, the defeat of this measure is not only demanded by the popular judgment of all classes, but it is alike the dictate of every just principle of morals and of fair dealing. The present tariff has existed almost without alteration for the past sixteen years. Men have embarked in business under the existing law regulating the tariff; great enterprises have been projected; vast amounts of capital are invested all over the country upon the faith of the existing law and relying upon its permanence, and to-day millions of dollars are invested in buildings, machine shops, and factories all over this land, built up under the fostering care of protection. It is proposed by this bill, without any note of preparation to the manufacturing classes, without any word of warning, without any service being made upon them, by a swift and certain blow to destroy these vast investments of capital and labor.

Even Mr. Wood admits that there is a high moral right resting upon the Congress of this country to continue still further the protection which in the past has been given to the industries of the country. I can assure the gentleman that his bill does not recognize this right, but as to many industries wholly ignores it.

Free trade and tariff reform are captivating phrases, and to one unacquainted with their true meaning and import are deceptive, while the arguments urged in their behalf are alike deceptive and delusive.

The chief consideration that is urged by the advocates of

free trade or tariff reform, so called, is that the duties fall upon the consumer; in a word, that the great mass of consumers in this country will get their products, their goods, their merchandise at a very much less price than they now do if free trade or tariff reform shall prevail instead of the present policy.

Mr. Chairman, history and experience both teach us that the agricultural products of this country have in the main increased in price since the tariff of 1824, but that substantially all manufactured articles, articles that have been protected by that or successive tariffs, have been secured to the great body of the consumers at a very much less cost than they formerly were. And, Mr. Chairman, the price of articles has not only been diminished and the consumer benefited by the reduced price, but the quality of the article has in every instance been improved.

Our proud position to-day is due in great part—indeed I had almost said in most part—to the wise protection and the fostering care thrown around American manufactures and labor and enterprise by the early statesmen of this country and continued down to the present time. No other policy would ever have given us the advanced stage in manufactures that we enjoy to-day.

The policy of the manufacturers of Europe is to keep "the growth and the increase in the United States in check"; and it can be done, say they, in one way only, and that is by a reduction of the tariff. The American Congress is to-day engaged in that, to the European trade, commendable work; and for what purpose? To keep the growth of manufactures in the United States in check and increase the board of trade returns in Europe. If we did not know better, Mr. Chairman, we would be justified in believing that we were in the British house of commons, legislating for British subjects, rather than charged with the high and sacred duty of making laws for the citizens of the United States, to protect them in their labor, their industries, and their investments.

But it is said, Mr. Chairman, that our present system is an obstruction to foreign trade, while the fact stands out before us, so bidding us read, that our foreign trade has uniformly increased under the tariff policy, and always when the tariff policy has been withdrawn our foreign trade has invariably diminished.

I invite your attention to the following extract, which I take from Mr. Bigelow's excellent work upon the tariff policy:

The foreign trade of Russia and of the United States increased during the past ten years, under the policy of protection, in a greater ratio than that of Great Britain under the policy of free trade; and, also, in a greater ratio than that of France, which the English claim as a free-trade ally.

Mr. Chairman, a wise tariff protects American industries and manufactures, while it does not destroy foreign competition. Prohibition is no part of the American system. It builds no wall about commerce and trade, shutting out the great world from us; it does not exclude foreign importation; it prevents monopolies from absorbing the wealth of this nation, while it encourages growth and enterprise among our own people. I have said that it encourages enterprise; it opens our mines; it erects our machine shops, our furnaces, and factories; it enlarges our cities and builds up villages.

It adds to the material wealth of the nation. It enhances the value of real estate. More than that, it gives to the farmer a ready market for the products of his farm. It brings a market almost to his very door. It imparts value to many articles which he raises which otherwise would be of little or no value; articles which it would not pay to ship to a distant market have ready sale at home. It does more than this: it furnishes employment to the laborer and subsistence to the poor, and all the while is adding to the nation's wealth.

The bill means reduced wages to operatives. It means the closest, sharpest competition among manufacturers at home with manufacturers abroad. It means the closest economy of the price in the article produced. And the very first step taken in the direction of economy on the part of the manufacturer is to reduce the wages he pays to his laborer; not because he loves to do it, but because the exigencies of his business demand it. That has always been so, and the present and future will be no exception to the past.

Mr. Chairman, self-preservation is the first law of nature, as it is and should be of nations. The general welfare is of paramount importance, and any measure which does not keep this steadily in view, which does not foster and encourage American labor and American industry, is in opposition to the great law of life, and subversive of the principles upon which governments are established. We want to be independent in that broad and comprehensive sense, strong within ourselves, self-supporting and self-sustaining in all things.

I listened attentively to the carefully considered speech of the gentleman from New York [Mr. Wood], waiting to hear

of some American interest which was demanding this new legislation, and at last I was rewarded for my patience. He sent a letter to the clerk's desk to be read from Messrs. Worthington & Co., of Jackson, Michigan, manufacturers of agricultural implements, who declared themselves in favor of the bill, and that they were able to import steel to this country, manufacture it into agricultural implements, and send it back again at a profit. This was a strange statement and entirely inexplicable until the distinguished gentleman from Michigan [Omar D. Conger], always on the alert, stated to the House that this firm, which was well known to him, did their work with the convict labor of Michigan at thirty-two cents a day. No other statement was needed. This was the only interest in the whole country over which the gentleman published as satisfied with the proposed change. Comment is unnecessary, for when we commence to employ convict labor I will concede free trade is practicable.

This committee have imposed a duty of 20 cents a bushel upon wheat and they have suffered wheat ground into flour to come into this country free: an unjust discrimination against every flour manufacturer in the land. Again, they have under their bill suffered cloths, manufactured cloths, to come into this country at 50 per cent. *ad valorem;* and in that same bill they allow the cloths made into clothing for wearing apparel to come in for 45 per cent. duty; a discrimination against every manufacturer of clothing, every tailor, every sewing woman the country over.

They have reduced the duty upon scrap iron, wrought and cast; and what will be the result? Why it will throw thousands of men out of employment and will wholly destroy the profession of the puddlers of the land.

The bill in some cases protects the raw material, while the manufactured article is practically free of duty or largely reduced.

They have destroyed the entire classification of wools. They suffer non-competing and competing wools to come in at the same rate of duty. They have broken down the more reasonable classifications which have been approved by the wool grower and accepted by the trade, and now they are all to come in at the same rate, whether we grow the wool in this country or not.

Mr. Chairman, the proposed bill is a piece of patchwork and abounds in inconsistencies. It is an attempt to conciliate two schools of political science and pleases neither. It has marched

out into the broad field of compromise and come back with a few supporters, it is true, who were opposed to the original bill as reported. It is neither free trade, nor tariff reform, nor protective tariff. It has none of the virtues of either, but the glaring faults of all systems. It is an attempt to change a law which does not improve the old one. It is an experiment opposed by all experience. It introduces uncertainty into the business of this country when certainty is essential to its life.

Mr. Chairman, there never was a time in the history of this country more inauspicious than the present for the dreamer and the theorist to put into practical operation his impracticable theories of political science. The country does not want them; the business men of the country do not want them. They want quiet to recuperate their wasted forces; and I am sure I utter no sentiment new or original when I say that if this House will promptly pass the appropriation bills and other pressing legislation, following this with an immediate adjournment, the people will applaud such a course as the work of statesmen and the wisdom of men of affairs.

On May 8 John R. Tucker [Va.], a member of the Committee on Ways and Means, supported the bill.

He argued that the Constitution intended that the power to lay duties on imports should be distinctly and only a revenue power, and that the present use of it to regulate commerce and to put into the pockets of a privileged class bounties extracted from other industries is a perversion of this intention as well as violative of all principles of right and justice.

If I am right in maintaining that the Constitution vested this power to "lay and collect" (coupling those two words together so that there should be no duty laid which was not to be collected), I next inquire what is a revenue tariff as contradistinguished from a protective tariff, which uses the revenue power for another and a different purpose? On this point I read from an article which I have printed elsewhere.

In all the modes of taxation which may be adopted upon all articles of consumption, the quantum of revenue raised is the result of two factors: the rate of tax and the amount of consumption. The amount of consumption may be regarded for practical purposes as the proper factor, for under a tariff the consumption will regulate the import, and in excises the consumption will limit the production. So that in every tariff the revenue derived from each article will be the result of the duty multiplied by the

amount of import and in every excise the tax multiplied by the quantum of product.

In the case of the tariff system, it follows that as the rate of duty increases the amount of consumption on importation will decrease. When the duty is nothing, the revenue will be nothing, however great the importation. When the importation is nothing the revenue will be nothing, however great the duty. And as the importation falls off with the increase of the rate of duty, until the duty becomes prohibitory, by so increasing the price of the import as to prevent any consumption, it follows that between the point of no duty and the prohibitory rate there will be an ascending scale of revenue to a maximum point of revenue and a descending scale of revenue from that maximum point to the point of prohibition. So that on either side of that duty, which raises the maximum revenue on any article, there will be a lower and a higher duty which will raise the same amount of revenue.

Therefore, as no higher duty ought to be laid than is needed to raise the requisite revenue on any particular article, it follows that the true revenue duty is the lowest duty which will bring the required revenue. To lay the higher duty to obtain the required revenue, instead of the lower, which will achieve the same result, is an oppressive violation of right, in making the burden heavier than the needs of the Government require for its support. Such higher duty is not a revenue measure, but is a needless limitation upon consumption, oppressive to the citizen and an improper restriction upon freedom of commerce. In other words, the lowest rates of duty which will secure the required revenue may be termed a revenue tariff; the highest rates securing the same will be a protective tariff. The former enlarges consumption, the latter diminishes it, and both bring the same amount of revenue. The one decreases the comforts of the people by decreasing ability to consume; the other increases their comforts by enlarging their capacity of consumption.

In view of what I have said these rules may be laid down as within the spirit of the Constitution: first, no duty should be laid higher than the maximum revenue point; second, that under that maximum revenue point luxuries may be made to pay a higher rate of duty than necessaries; third, that it is more just to have an *ad valorem* duty, and, where that is impracticable because of danger to revenue from frauds in invoices, that the specific duty should be so laid upon the article by classification as to make it as nearly as possible equivalent to an *ad valorem* duty; and, fourth, that, unless necessary for revenue, raw materials may be admitted free of duty in the interests of the manufacturer as well as of the consumer of the products from such materials.

It is in this view that I hold the protective system contrary to the true spirit of the Constitution, because—

First. If the power to lay and collect duties be granted to raise revenue from imports, it cannot be in accord with the spirit of the power so to use it as to prevent imports and defeat revenue.

Second. Nor can it consist with a grant of power to raise revenues for the Government to use this power as a means of extorting bounty from one class to be lavished on another.

Third. Nor can this system, so unjust and unequal, be sanctioned by a constitution whose preamble declares it was formed "to establish justice," and "to secure the blessings of liberty" to the people of all the United States.

Fourth. And besides, as the Constitution forbids that any tax or duty shall be laid upon articles exported from any State, and as a restriction upon imports by duties operates by indirection to restrict exports, as if the duties were laid upon them, it is contrary to the true purpose of the Constitution by such indirection to accomplish an end which cannot be done, but is forbidden, by any direct means. It is an evasion of a prohibition and kills the spirit by a seemingly strict conformity to the letter of the Constitution.

Tested by the principles already advanced, I ask is the existing tariff a revenue tariff?

To speak algebraically, you may formulate the amount of revenue by an equation, as I have already shown; revenue equal to the duty multiplied by the import. Now, as the duty increases the import will decrease, and *vice versa*. Therefore, it is not improper to say, as has been so often said by political economists—I think as far back as Adam Smith—that two and two do not always make four in political economy. You do not double your revenue when you double your duty; you very often double your revenue by halving your duty. The great error that has been made, in my judgment, by the honorable gentleman from Massachusetts [Nathaniel P. Banks], who spoke yesterday, and by the estimate of the Secretary of the Treasury and Dr. Young at the Bureau of Statistics, is in supposing that the revenue under the present law will be decreased because of a reduction of duties under the proposed bill. In many cases the revenue will be increased on account of that rduction.

The question we come now to consider is whether, tested by the rules which I have laid down, the present tariff—not the bill proposed here—is a revenue measure. Why, sir, I will show that so far from being a revenue measure the framers of that tariff and those who now support it seem to prefer it because it does not (in many cases) raise any revenue. The present tariff is such that in the statistical tables all along the column of duties you will find the figures very high, but in the column in reference to the quantum of revenue you will find the amount sometimes down to zero, or a few hundred or a few thou-

sand dollars; showing that the duties are laid to prevent revenue and not to raise it. And what is this for? Not to support the Government, but to benefit a privileged class.

In proof of this, I call attention to pig iron. I mean no unkindness to this "infant industry," this little "pig" from Pennsylvania, whose infancy is perpetual. Ever since the year 1816, when the first duty was laid on pig iron, a duty of $9 a ton, it has been an "infant industry"; unless indeed it came to its maturity during the period of our revenue tariff, and is now again and still an "infant," because it has fallen into the decrepitude of its second childhood.

You will find that as the duty fell the revenue increased; and as the duty rose the revenue fell; thus the revenue from all iron was $21,922,127 in the year 1872, and it has fallen in the year 1876-77 down to $3,765,846; and the revenue from pig iron alone has fallen from say $1,500,000 in 1872 to about $557,000 in 1877. I am met, when I ask for reduction of the tax on tobacco, by the objection that by reducing the burdens on that industry we will diminish the revenue; but when I ask for a reduction of the duty on pig iron so that the consumer may get it cheaper and may thus increase revenue, they say, "Oh, no; we do not want to increase the revenue on pig iron; we want to protect our pig iron, by destroying the revenue from it." In other words, it is proper to keep the Government out of revenue on pig iron at the expense of the consumer for the benefit of the manufacturer, but very wrong to lift the burden from the tobacco interest lest we decrease the revenue!

To show that the purpose of the duty is to prevent importation and thus prevent revenue, I will read from the June, 1877, annual report of the American Iron and Steel Association, page 24, which they have done me the honor to send me. Listen to the tone of self-gratulation:

> During the year 1876 we did not import a single steel rail; in 1873 we imported 159,571 net tons. Our imports of iron rails in 1876 amounted to only 287 tons; in 1871 they amounted to 515,000 tons. While these results are gratifying—

That is, that the duty has excluded the importation and thus decreased the revenue—

> it is nevertheless a source of mortification that we should last year have bought abroad ten million dollars' worth of pig-iron, bar-iron, steel, &c., which our own iron and steel makers could have manufactured with the help of idle workingmen. So long as it is possible to import into this country ten million dollars' worth of foreign iron and steel in a year of

> such great industrial depression as last year, so long will a protective tariff be a necessity to American iron and steel interests and to every American citizen whose prosperity does not depend upon the sale of foreign goods.

That is to say, the power to raise revenue by a tariff is, according to the ideas of these gentlemen who represent the iron and steel interest, to be purposely perverted from its constitutional object of raising revenue into a scheme to support the iron and steel interest by diverting revenue from the treasury and furnishing rich bounties by a tax upon the consuming classes of the country.

It is a misnomer to call this system of duties protection. Protection against what? Protection to whom? It is simply a means by which the Government makes an enforced contribution, or, as they used to call it in the days of the Stuarts, "a compulsory benevolence," in behalf of certain people who, having a fancy to go into certain enterprises which are not profitable, are by this legislation enabled to hand round the hat to eke out the profit they cannot make by their occupations.

What is the true national policy? In this era of expanding energies, of all-embracing sympathies, of far-reaching aspirations for a better and higher destiny for our race, are we to be told that our true policy is to clip the wings of our commerce, to block the wheels of our trade and industry; to cramp our enterprise, to shrivel our sympathies, to exult in the stoppage of our imports, to live within ourselves, and, hugging our petty interests within the narrow circle of our contracted selfishness, close the gates of our new world to intercourse with mankind?

Mr. Chairman, I cannot believe this is according to the Divine plan. Christianity bids us seek in communion with our brethren of every race and clime the blessings they can afford us, and to bestow in return upon them those with which our new continent is destined to fill the world.

Our lot is cast upon a virgin continent whose rich soil can feed and clothe the human family. It is ours to develop and fill the markets of all nations with the exuberant harvests of our fruitful earth. The wage of labor is high. I am thankful to God for it; that "in our Father's house there is bread enough and to spare and none need perish with hunger." There is no place for the footprint of a tramp upon the Western prairie nor upon the fields of the sunny South, whose teeming products will abundantly feed a hungry world, clothe a naked world, and shelter a homeless world!

Now, sir, why should it be our policy to crowd labor into cities upon profitless employments and then eke out the lack of

profit and wage by governmental aid, in the shape of a compulsory benevolence or a forced contribution, to furnish a profit their enterprise cannot afford.

That people, Mr. Chairman, whose inventive genius and natural resources can best supply the needs of the world's crowded population with food and raiment and human comfort, and whose commerce reaches out to do so, will hold the van in the march of civilization; and that people which is content to supply only its own needs and limits its commerce to itself, and confines its sympathies within the sphere of its own petty interests, will shrivel into poverty and shrink into insignificance. Hence it is that in all ages, and now more than in any former age, the exports and imports of every nation are the typical tests of its prosperity and the splendid symbols of its progress. They form the great balances of international trade. They must coexist. Check the one and the other withers. Destroy the one and the other perishes.

Now, suppose this House should prohibit all importations, what would be the effect on our agricultural products? They would perish on our hands. As you limit the imports of the country, which furnish the means of paying for our exports, to that extent you limit the value of our exported products and limit the prosperity of the agricultural interests in this country.

Look at the results of this policy for the privileged classes. Agriculture languishes for markets; manufactures are ruined because overproduction, induced by excessive bounties, first brings on a fall in prices and then bankruptcy; labor is thrown out of employment; ships rot at our wharves for lack of trade, and the country is in great distress from the panaceas prescribed for it by the empirical economists. What the patient needs is to "throw physic to the dogs," and let the *vis medicatrix naturæ* do its proper work. Strike the fetters from the limbs of the American Hercules, and he will with giant strides take the lead in human progress.

Here let me notice in brief the doctrine of Mr. Henry C. Carey, that the producer and the consumer are best related when closest to each other. To carry this idea to its logical conclusion, the result would be that the producer and the consumer are closest together when a man is at once both producer and consumer; so that the whole effect of Mr. Carey's policy would be to limit all human sympathy and interchange of human ideas and their products to our own dear selves.

Now, whenever by commercial treaties, as with the Hawaiian

Islands, we have established free trade with foreign countries, the immediate results have been mutually advantageous, and exports and imports in the case of the Hawaiian Islands doubled in one year. Enlarge the system, embracing all countries, and our export and import trade would soon rival that of Great Britain. Our revenues from our billions of imports at a duty of 20 per cent. would nearly double our present revenue; our debt would be diminished, our export trade would enlarge, prices would advance, and all our industries would thrive and grow in the vigor and strength of healthful maturity.

In truth, free trade, which is based on the golden rule, "Do unto others as you would that others should do to you," by commingling and intertwining the interests of all peoples through free commerce would be a guaranty and bond of peace. The antagonisms of commercial policies have bred wars which have drenched the earth with blood. Free trade, promotive of social intercourse and the interests of mutual exchanges, will spread the banner of peace over the world and promote the glory of God, in "peace on earth and good will toward men." Free trade, the product of the divine doctrines of Christianity, would be the peace-maker of the world!

How far does the proposed bill bring down the duties to the revenue standard? It is true the reduction is not what a revenue tariff requires. The duties are still too high; but the precedent of the tariff compromise of 1833 justifies a moderate and gradual reduction, and not a radical one. Still the reduction is considerable and the movement is in the right direction of a revenue tariff, and is not so radical as to convulse the manufacturing interest of the country. The duties on iron are too high and should be further reduced even now, and yet that interest is dissatisfied at any reduction.

It is much to be regretted that this system of specific duties must still be largely retained. They operate oppressively on the poor, by making the duty as large on the cheap as on the dear article. But this has been remedied as far as possible by the classification of the same kind of articles according to their value.

Some objection has been made that there is no free list. This objection is not well founded. It is according to sound principles that nothing be taxed which is not clearly intended by the express terms of the law. It is contrary to principle to require a party to exempt his property from taxation by showing terms indicating such a purpose. Let all be free which is not clearly taxed; not, let all be taxed which is not clearly free.

The *onus* should be on the executive officer to show that the legislature has imposed it in clear terms and should not be on the citizen to show he is excepted from the universal imposition of burden.

Mr. Chairman, we need in the present state of the country a well-defined policy. Permit me, in conclusion, to indicate some of the elements of one which it seems to me would be wise and successful:

First. We need a judicious economy in disbursements, which, while securing efficiency by commanding the services of intelligent and capable agents, will avoid the extravagance which tends to corruption through the influence of patronage.

Second. The times demand a strict adherence to the Constitution as a sacred duty, as needful to an efficient administration of the powers granted, and to prevent the evils of centralism. The danger of our future is that in the absorption of power by the Federal Government we not only incur the perils of a consolidated government, but make an effective discharge of our duties under the Constitution well-nigh impracticable. In my judgment, in the enlarged area of the country and with its increasing interests, we will have our hands full to do well what is expressly devolved upon us without attempting to exercise doubtful powers.

Third. We need to have free trade and to relieve production from the burdens of internal taxation; to lift the load which presses upon the producer and consumer of tobacco and other domestic productions, and to open our ports to an unshackled commerce with all nations, except so far as revenue for an economical administration of the Government requires the laying of duties on imports.

Let us render to Cæsar the things that be Cæsar's, but let tribute to privilege and bounty to favored classes cease forever!

Fourth. We need a sound and stable currency which will give to labor a real, and not a fictitious, value; which will shun artificial inflation, that buoys enterprise with false hopes; and avoid compulsory contraction, which crushes the debtor class by requiring more in payment than was agreed, and shrinks values to the ruin and detriment of all classes of society.

Fifth. We need integrity to public faith—paying all which contract of honorable obligation requires and guarding jealously against all claims which justice, right, and public law do not sanction.

And then we need the cultivation among ourselves of mutual

respect for the opinions and sensibilities of each other. We need forbearance and charity, a spirit of justice and moderation, and a profound regard for the equal rights of all under the Constitution and laws of the land.

Brothers in a common humanity, we are coheirs of liberty under constitutional law and copartners under Providence of a virgin continent, midway between European progress and Asiatic stagnation, washed by two great oceans and permeated by innumerable channels for interstate trade; with a soil teeming with products, which will bless the world with abundant food and raiment; with a coast and harbors for boundless commerce and unlimited merchant marine. Oh, my brothers of America! God helping us, have we not something nobler to do than to rake up the ashes of our former strife and stir again its fires? Something higher and better than to revive the enmities, the jealousies of the past, and to fill these halls with criminations and outbursts of passion? Yes, let the dead past bury its dead; let us cease bickerings and disputings as to the right and the wrong of the great struggle; let us strive to forgive and forget the angry feuds which filled the land with blood and mourning and desolation; and, turning from these passions which disturb the balances of the judgment, paralyze duty for the busy present, impair faith and hope in our great future, with mutual respect for each other's virtues and mutual forbearance for each other's faults, let us clasp hands and join arms in the pledge of earnest coöperation, under the dictates of a divine duty, in pressing forward the destiny of this mighty people in a career of honor, prosperity, and civilization, which will make our constitutional Union of States the glory of the world and a blessing to our children's children to the remotest generations. [Great applause.]

On May 9, 1878, William D. Kelley [Pa.], a minority member of the Committee of Ways and Means, opposed the bill.

Doctrinaires and editors of commercial organs have persistently criticised some of the details of our present tariff law and objected to the principles upon which our revenue system is based; but no part of the people have petitioned Congress to engage at this time in a revision of the tariff.

The loom and the spindle stand still. The mine is unwrought and the fires are out in the forge, the furnace, and the rolling mill. The captains of industry by thousands are pass-

ing into bankruptcy and the laboring people of the country by millions into want, if not into absolute pauperism. They are not permitted to endure the primal curse and earn their bread in the sweat of their brows. They implore us to relieve them, but not one of them has suggested that it can be done by a revision of the tariff in the interest of foreign producers and their agents who are supplanting American merchants in New York and elsewhere. They are told by school men and the organs of these foreign commercial agents that they are suffering from "over-production"; that they are hungry because they have produced too much food; that they are naked or in rags because they have spun and woven too many fabrics; that they are shoeless and footsore because they have produced too many boots and shoes; and that they are houseless "tramps" because they have erected too many homes and constructed too much furniture.

They do not believe these preposterous assertions and ask us to legislate in quite another direction than the revision of the tariff in the interest of the employers of foreign labor.

I must ask the committee to pardon a brief digression. I cannot abstain from saying in this connection that I am more than half persuaded that the magnificent denunciations of the protective system uttered yesterday by the gentleman from Virginia [Mr. Tucker] were, notwithstanding his apparent earnestness, only in a Pickwickian sense. In support of this surmise I refer to the facts that, while the highest manufactures of the North are stricken at by this bill, the blossoms or leaves of sumac, an indigenous bush which infests the hillsides of Virginia and which are gathered by old women and children as an amusement, are to be protected by a duty of 10 per cent. and tobacco shooks are made free by special provision.

I do not think it will be suspected that any gentleman outside of Virginia caused those provisions to be inserted in the bill; and from their presence there I infer that the gentleman would accept a little protection if Virginia had any manufacturing industries to be protected. [Laughter.]

I do not complain, Mr. Chairman, that these articles are made free. They ought all to be free except perhaps the shooks. Were competition in that important article possible it might stimulate some stalwart Virginian to cut a few trees and shape them into shooks. But I take no special exception even to that item. What I do complain of is that there is not a full and specific free list. I assert without the fear of plausible contradiction that the absence of such a list is a fatal defect.

No tariff has ever been made by a manufacturing nation that did not embody a specific free list. The commercial and manufacturing nations of the world have agreed that raw materials which cannot be produced within the country of their conversion, especially those which come from tropical or other countries which will take their manufactures in exchange for raw material, should be admitted free of duty. We alone impose duties upon any of them and if we are to manufacture either for home consumption or in the hope of reaching a foreign market we must adopt this part of the policy of other nations which puts us under bonds to maintain a free list embracing all such raw materials.

Now, a tariff is not a matter of inspiration. It is a thing of slow growth and of adaptation to the extent, resources, and development of a country. Switzerland, with her few miles of territory, her snow-capped mountains, and her lakes, enriched with no native resources in the way of metals, may need free trade. But it is not adapted to a young and sparsely populated country which extends, as ours does, from ocean to ocean, embraces all climates, is more richly endowed than any other country with soil and climate for varied agricultural productions, and is still more richly endowed with minerals, useful and precious, and whose people, having been trained in the industrial centers of all countries, are in the enjoyment of schools of art and science such as the magnificent one founded by the munificence of the venerable man who does me the honor to listen to me (Mr. Peter Cooper), which, with its stores of literature, its models, its drawings, its scientific apparatus, and other educational appliances, is open to the poorest child of either sex in the country.

Such a country needs a protective tariff that will enable its people to employ whatever faculties Heaven has endowed them with; the feeble, with a taste for art to embellish our productions and adorn our homes and public halls; the vigorous and enterprising, to explore our mountains and develop their wealth; those with mathematical or mechanical gifts, to advance the arts and industries and carry them forward with the advancing line of civilization into our unpeopled wastes. The inhabitants of such a country develop their faculties and aptitudes by laboring to supply and gratify each other's needs and desires; but to enable them to do this the Government must secure to them at least equal chances with the foreigner in their own markets; and this can only be done by a tariff ample for the purpose of protection. This is all that a judicious tariff is.

It is all that the manufacturers of this country ask, and had the Committee of Ways and Means met them they would have indicated reductions of duties that could be made with safety and extensions of the free list which might be made and which when made would justify a further reduction of duties upon the articles derived from such materials. They do not seek to injure their countrymen by the establishment of protected monopolies.

There is unhappily much evidence in the bill that its aim is to prostrate manufacturers as a class. But the blows are often aimed so unskillfully and awkwardly that over the shoulders of the manufacturer they strike the head of the farmer.

The bill is a nondescript. When going over it to make an analysis of its provisions, I could not help thinking of the mule so pathetically described by the witty Senator from Oregon, Mr. Nesmith, and made up my mind that like it this bill was a thing that could have no pride of ancestry, for it was unlike anything that had ever gone before, and could have no hope of posterity as it was not possible that any deliberative body would accept it as a model.

It retains duties which yield little or no revenue, and repeals those which yield large sums. It retains duties on some things and repeals them on other articles identical in character and use. It imposes duties on materials and removes them from the articles into which these materials have been wrought.

Gentlemen say we can go through this bill in Committee of the Whole and correct these errors. They are mistaken. It is utterly wanting in governing principle, and its provisions are so helter-skelter and incongruous that it would be easier to blot the whole thing out and begin anew. From now until next December would not be long enough for the Committee of the Whole on the state of the Union, proceeding as rapidly as I have ever seen it proceed with a tariff bill, to correct the blunders, stupidities, incongruities, and absurdities embodied in the committee's bill.

But time will not permit me to examine details. Let me, however, hastily consider some of the doctrines of the chairman of the committee. He assumed throughout his speech, and so did the gentleman from Virginia, that duties add themselves to the price not only of imported articles but of like articles produced in this country. Let me ask them do competition in the market and increase of supply increase prices? Are the prices of cotton, woolen, worsted, and silk goods, of locomotives, iron or steel rails, machine tools, agricultural implements,

mechanical toys, or any of the thousand other articles we now produce, as high as they were under the free-trade tariff of 1857 or at any time prior to the increase of the rates of duty in 1861? No, sir; all kinds of American goods can be bought cheaper under the higher duties of to-day than they could be under the lowest rates ever fixed by our tariff laws, and it is the very madness of theory to assert, as the gentlemen have done, that duties which stimulate production and add to the world's supply enhance prices.

I was amused by the chairman's expression of sympathy with the overtaxed farmer. It was so amusing to note the gravity and pathos with which he started his poor farmer out to buy taxed hardware, shoes, etc., for himself and clothes and medicines for his wife. When I first read that gem of his speech in my youth or earliest manhood, just after Sydney Smith had produced it, it made an impression upon my mind that still lingers. [Laughter.]

Sir, for the last twenty years I have been so in the habit of laughing, at least in my sleeve, when hearing gentlemen reproduce that admirable novelty that I could not help doing so when the chairman of my committee startled me by reciting it. I have it before me as uttered by the gentleman, then from Ohio, but who has carpet-bagged to New York [Samuel S. Cox], and who is sometimes known by the *sobriquet* of "Sunset," as he delivered it in 1864. [Laughter.]

Subsequently I heard it from my friend the late James Brooks. Then from our friend, Samuel S. Marshall, of Illinois, and there has never been a tariff bill under discussion that I have not heard it three or four times; and I repeat that I could not help laughing when the chairman of the committee got it off with such solemnity.

MR. COX.—As original?

MR. KELLEY.—He did not indicate that he had ever read Sydney Smith's works or heard of Sam. Marshall or Sam. Cox or any other Sam who has sent the poor farmer out to make purchases? [Laughter.]

Now, concerning the witty remark of the gentleman from Virginia, that, if Mr. Carey's theory that brings to proximity the producer and the consumer was sound doctrine, then the man was best off who made everything for himself and consumed all he made, I must say that it was hardly worthy of him, as it showed that he had not made himself familiar with the principles of the great matter of social science. Mr. Carey starts out with the proposition that association is the first and

paramount want of a human being. He also teaches that from diversity of employment come unity of interests and freedom of association, and shows that this diversity is produced by protection.

A duty, no matter how high it may be, if required to enable an ingenious and industrious people to supply their own wants out of the raw material with which Providence had endowed them, is the proper duty; and being high enough to do that it will so increase production as to reduce prices; and this is in accordance with Mr. Carey's doctrines. Therefore a duty is never too high when in a country of such native resources as ours the supply of the home market may be vitally interfered with by foreign competitors nothwithstanding that duty. That question furnishes the measure of a just duty, in the mind of an intelligent protectionist.

And now let me state that the gentleman from Virginia [Mr. Tucker] has unconsciously paid me what I shall cherish as the most magnificent tribute received during my now somewhat extended congressional life. Referring to the tariff of 1870, he said that it had placed on the free list a large number of articles; and he added that in consequence our manufactures had grown and our exports had increased from $60,000,000 to $160,000,000 a year.

I had the honor of initiating that enlargement of the free list. It cost me the labors of a whole vacation and correspondence with consumers of raw material in every branch of industry. By this work and my labors in that Congress I earned the honorable *sobriquet* of "Old Pig Iron." Those who hoped by inaugurating what they called revenue reform to destroy the industries of this country saw that to make raw materials free was to enter wisely on the march toward free trade. While by the prevalence of the teaching of British economists they could keep our raw material under heavy duties they could compete with us in our own market and prevent the growth of our foreign trade. Then it was that their well-paid lobby, with its open rooms in every elegant portion of Washington City, set upon my devoted head the scribblers of the nation and bestowed upon me the *sobriquet* that I now cherish of "Old Pig Iron," which is said to be significant of the fact that through good report and ill report I had stood by my intelligent convictions and the interest of the laboring people of the whole country.

The gentleman from Virginia and the chairman of the committee support the proposed bill as a free-trade measure. Is it that or something else? Its provisions are so haphazard and

incongruous that no man can tell whether it most promotes free trade or protection. Mr. Moore, the Parsee merchant, protests against it, because of its violations of free-trade principles, and Mr. D. C. Robbins protests with even greater emphasis that it is violative of every principle of free trade; while I and gentlemen around me say that its provisions would prove to be alike destructive to the free-trader and the protectionist.

But, if it could be shown that it favors free trade, it would simply prove that it is an attempt to resist the tendency and drift of the age. England herself begins to realize the sad mistake she made when she failed to confine freedom of trade with her ports to raw materials and food. Many of the ablest thinkers of that country are now asking that the errors of Cobden and Bright may be corrected. On the 3d of last month, Mr. Ernest Seyd, than whom there is no more proficient statistician in England, addressed the British Society of Arts in London. He said:

> Although I am a thorough free-trader, I am of the opinion that, unless there is soon a better balance between our imports and exports, there is really no other method of effecting this than by a partial return to protection.

The cotton lords of England, as her manufacturers were called, are demanding the protection of their investments against the terrible competition from India.

In characterizing the last quarter of the first century of our existence the chairman of the committee alluded to the Civil War as its distinguishing feature. History is made up of the story of great wars, and, though ours may have had distinguishing features, it did not characterize the last quarter of our first century. The crowning glory of that period was a triumph of the arts of peace and the testimony the United States gave to the world of the power of the protective system in developing the resources of a continent and the attributes of a people. The crowning glory of that century of American history centered in the buildings in the shadow of whose magnificent proportions stands my humble home, and to the construction and maintenance of which a niggardly Congress refused to permit the Government to contribute a dollar. It was an illustration of the capacity of a free and self-governing people. We behold it in the display there made of machinery the most wonderful that man had ever beheld; in the products of genius, taste, skill, and industry put forth in the field, the workshop, the mine, the mill, the laboratory, and the studio. It was there

in the habits, manners, and apparel of our people who gathered there by millions, and who, thanks to the general principles of the protective system, and especially to the tariff of 1867 on wool and woolens and to the stimulus the additional duties it imposed on ready-made clothing gave to that industry, were clad, the rich and the poor, the capitalist and the laborer, the farmer and the denizens of cities, in garments of the same texture, cut, and make, and presented to foreigners an undistinguishable mass, so that, as they loitered through the immense buildings or among the crowds which swarmed in the beautiful grounds, they inquired of their American friends, "Where are the people, the artisans, the *paysans*, the laborers?" No matter from what country they came, none of them had ever seen the laborer and farmer so clad and so orderly that they could be crowded together a quarter of a million within a single inclosure without the presence of troops, or *gens d'armes*, or even the appearance of a palpable police. This exhibit of the developed resources of our country, of the skill and attainments of our people, of the influence of self-government upon the social habits of a people, was the crowning glory of the first century of our history. It came as the result of our challenge to the world to peaceful competition, and it is for this that we are receiving the benedictions of the scholars, statesmen, and thinkers of the world in grateful recognition of the instruction the American people have imparted to all nations by their example.

On June 4, James A. Garfield [O.], a member of the Committee on Ways and Means, spoke upon the bill.

A few days ago the distinguished gentleman from Virginia, who now occupies the chair [Mr. Tucker], made a speech of rare ability and power, in which he placed at the front in his line of discussion a question that was never raised in American legislation until our present form of government was forty years old; the question of the constitutionality of a tariff for the encouragement and protection of manufactures.

He insists that the two powers conferred upon Congress, to levy duties and to regulate commerce, are entirely distinct from each other; that the one cannot by any fair construction be applied to the other; that the methods of the one are not the methods of the other, and that the capital mistake which he conceives has been made in the legislation of the country for many years is that the power to tax has been applied to the regulation of commerce, and through that to the protection of

manufactures. He holds that if we were to adopt a proper construction of the Constitution we should find that the regulation of commerce does not permit the protection of manufacturers, nor can the power to tax be applied, directly, or indirectly, to that object.

I will not enter into any elaborate discussion of that question, but I cannot refrain from expressing my admiration of the courage of the gentleman from Virginia, who in that part of his speech brought himself into point-blank range of the terrible artillery of James Madison, one of the fathers of the Constitution, and Virginia's great expounder of its provisions. More than a hundred pages of the collected works of James Madison are devoted to an elaborate and exhaustive discussion of the very objections which the gentleman [Mr. Tucker] has urged.

I will close this phase of the discussion by calling the attention of the committee to the language of the Constitution itself:

> The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defence and general welfare of the United States.

Language could hardly be plainer to declare the great general objects to which the taxing power is to be applied.

It should be borne in mind that revenue is the life-blood of a government, circulating through every part of its organization and giving force and vitality to every function. The power to tax is therefore the great motive power, and its regulation impels, retards, restrains, or limits all the functions of the Government.

What are these functions? The Constitution authorizes Congress to regulate and control this great motive power, the power to levy and collect duties; and the objects for which duties are to be levied and collected are summarized in three great groups: First, "to pay debts." By this, the arm of the Government sweeps over all its past history and protects its honor by discharging all obligations that have come down from former years. Second is "to provide for the common defence." By this the mailed arm of the Government sweeps the great circle of the Union to defend it against foes from without and insurrection within. And, third, is to "promote the general welfare." These are the three great objects to which the Constitution applies the power of taxation. They are all great, beneficent, national objects and cannot be argued out of existence.

Protection has received the support of the most renowned names in our early history; and, though the principle has some-

times been carried to an unreasonable extreme, thus bringing reproach upon the system, it has nevertheless borne many of the fruits which were anticipated by those who planted the germ.

Gentlemen who oppose this view of public policy tell us that they favor a tariff for revenue alone. I therefore invite their attention to the revenue phase of the question. The Secretary of the Treasury tells us that it will be necessary to cut down the expenditures eleven millions below the estimates in order to prevent a deficit of that amount. The revenues of the last fiscal year failed by three and a quarter millions to meet the expenditures required by law. In the face of these facts can we safely diminish our revenues? But we are told that some of the reductions made in this bill will increase rather than diminish the revenue. Perhaps on a few articles this will be true; but as a whole it is undeniable that this bill will effect a considerable reduction in the revenues from customs.

Gentlemen on the other side have been in the habit of denouncing our present tariff laws as destructive to rather than productive of revenue. Let me invite their attention to a few plain facts:

During the fifteen years that preceded our late war—a period of so-called revenue tariffs—we raised from customs an average annual revenue of forty-seven and a half million dollars, never in any year receiving more than sixty-four millions. That system brought us a heavy deficit in 1860, so that Congress was compelled to borrow money to meet the ordinary expenses of the Government.

Do they tell us that our present law fails to produce an adequate revenue? They denounce it as not a revenue tariff. Let them wrestle with the following fact: during the eleven years that have passed since the close of the war we have averaged one hundred and seventy and one-half million dollars of revenue per annum from customs alone. Can they say that this is not a revenue tariff which produces more than three times as much revenue per annum as that law did which they delight to call "the revenue tariff"? Can they say that the present law does not produce revenue? It produces from textile fabrics alone more revenue than we ever raised from all sources under any tariff before the war. From this it follows that the assault upon the present law fails if made on the score of revenue alone.

I freely admit that revenue is the primary object of taxation. That object is attained by existing law. But it is an incidental and vitally important object of the law to keep in healthy growth those industries which are necessary to the well-

being of the whole country. If gentlemen can show me that this is, as they allege, class legislation which benefits the few at the expense of the many, I will abandon it and join them in opposing it. This is the legislature of the nation; and it should make laws which will bless the whole nation. I do not affirm that all the provisions of the existing tariff law are wise and just. In many respects they are badly adjusted and need amendment. But I insist that in their main features they are national, not partial; that they promote the general welfare, and not the welfare of the few at the expense of the many.

What sort of people should we be if we do not keep our industries alive? Suppose we were to follow the advice of the distinguished gentleman from Virginia [Mr. Tucker] when he said:

> Why should we make pig-iron when with Berkshire pigs raised upon our farms we can buy more iron pigs from England than we can get by trying to make them ourselves?

For a single season, perhaps, his plan might be profitable to the consumers of iron; but if this policy were adopted as a permanent one it would reduce us to a merely agricultural people, whose chief business would be to produce the simplest raw materials by the least skill and culture, and let the men of brains of other countries do our thinking for us and provide for us all products requiring the cunning hand of the artisan, while we would be compelled to do the drudgery for ourselves and for them.

The gentleman from Virginia [Mr. Tucker] is too good a logician not to see that the theory he advocates can be realized only in a state of universal peace and brotherhood among the nations; for, in developing his plan, he says:

> Christianity bids us seek, in communion with our brethren of every race and clime, the blessings they can afford us, and to bestow in return upon them those with which our new continent is destined to fill the world.

This, I admit, is a grand conception, a beautiful vision of the time when all the nations shall dwell in peace; when all will be, as it were, one nation, each furnishing to the others what they cannot profitably produce, and all working harmoniously together in the millennium of peace. If all the kingdoms of the world should become the kingdom of the Prince of Peace, then I admit that universal free trade ought to prevail. But that blessed era is yet too remote to be made the basis of the practi-

cal legislation of to-day. We are not yet members of "the parliament of man, the federation of the world." For the present, the world is divided into separate nationalities; and that other divine command still applies to our situation, "He that provideth not for his own household has denied the faith, and is worse than an infidel"; and, until that better era arrives, patriotism must supply the place of universal brotherhood.

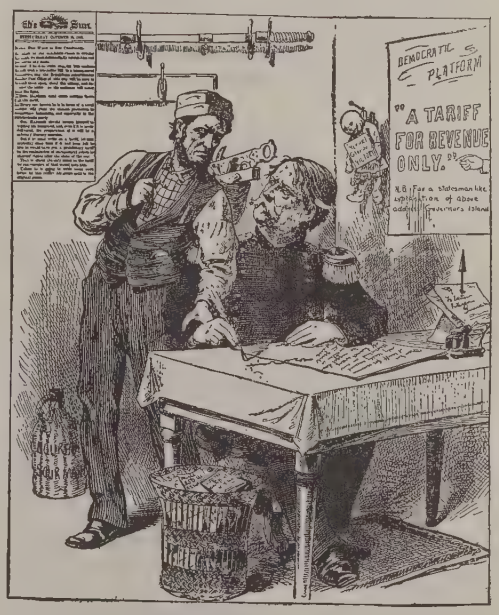
For the present Gortchakoff can do more good to the world by taking care of Russia. The great Bismarck can accomplish more for his era by being, as he is, German to the core, and promoting the welfare of the German Empire. Let Beaconsfield take care of England, and McMahon of France, and let Americans devote themselves to the welfare of America. When each does his best for his own nation to promote prosperity, justice, and peace, all will have done more for the world than if all had attempted to be cosmopolitans rather than patriots. [Applause.]

Too much of our tariff discussion has been warped by narrow and sectional considerations. But when we base our action upon the conceded national importance of the great industries I have referred to, when we recognize the fact that artisans and their products are essential to the well-being of our country, it follows that there is no dweller in the humblest cottage on our remotest frontier who has not a deep personal interest in the legislation that shall promote these great national industries. Those arts that enable our nation to rise in the scale of civilization bring their blessings to all, and patriotic citizens will cheerfully bear a fair share of the burden necessary to make their country great and self-sustaining. I will defend a tariff that is national in its aims, that protects and sustains those interests without which the nation cannot become great and self-sustaining. The system adopted by our fathers encourages the great national industries so as to make it possible at all times for our people to equip themselves for war, and at the same time increase their intelligence and skill so as to make them better fitted for all the duties of citizenship both in war and in peace. We provide for the common defence by a system which promotes the general welfare.

I have tried thus summarily to state the grounds on which a tariff which produces the necessary revenue and at the same time promotes American manufactures can be sustained by large-minded men for national reasons. How high the rates of such a tariff ought to be is a question on which there may fairly be differences of opinion.

Fortunately or unfortunately, on this question I have long

occupied a position between two extremes of opinion. I have long believed, and I still believe, that the worst evil which has afflicted the interests of American artisans and manufacturers


The Sun
DEMOCRATIC PLATFORM
"A TARIFF FOR REVENUE ONLY."
X.B. For a statesmanlike explanation of above address see Governor's Island

THE PEN MORE FATAL THAN THE SWORD

Democratic Workman—"STOP, GENERAL; WRITE NO MORE ABOUT FREE TRADE; YOU ARE MAKING AN AWFUL MESS OF IT"

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has been the tendency to extremes in our tariff legislation. Our history for the last fifty years has been a repetition of the same mistake. One party comes into power, and, believing that a protective tariff is a good thing, establishes a fair rate of duty.

Not content with that, they say: "This works well, let us have more of it." And they raise the rates still higher, and perhaps go beyond the limits of national interest.

Every additional step in that direction increases the opposition and threatens the stability of the whole system. When the policy of increase is pushed beyond a certain point, the popular reaction sets in; the opposite party gets into power and cuts down the high rates. Not content with reducing the rates that are unreasonable, they attack and destroy the whole protective system. Then follows a deficit in the treasury, the destruction of manufacturing interest, until the reaction again sets in, the free-traders are overthrown, and a protective system is again established. In not less than four distinct periods during the last fifty years has this sort of revolution taken place in our industrial system. Our great national industries have thus been tossed up and down between two extremes of opinion.

During my term of service in this House I have resisted the effort to increase the rates of duty whenever I thought an increase would be dangerous to the stability of our manufacturing interests; and, by doing so, I have sometimes been thought unfriendly to the policy of protecting American industry. When the necessity of the revenues and the safety of our manufactures warranted, I have favored a reduction of rates; and these reductions have aided to preserve the stability of the system.

The bill failed to come to a vote during this session of Congress.

In the presidential campaign of 1880 Gen. Winfield S. Hancock, the Democratic candidate, tried unsuccessfully to eliminate the tariff as a major issue, writing a letter in which he declared that "the tariff is a local issue." A great deal was made of this statement by the Republicans during the campaign.

CHAPTER XI

A Tariff Commission

[Act of 1882]

John A. Kasson [Ia.] Introduces in the House a Bill to Create a Tariff Commission—Debate: Speakers of Varying Views, Mr. Kasson, Edward K. Valentine [Neb.], George D. Tillman [S. C.], George D. Robinson [Mass.], John G. Carlisle [Ky.], Roswell G. Horr [Mich.], William D. Kelley [Pa.], Abram S. Hewitt [N. Y.], William McKinley [O.], James A. McKenzie [Ky.], Samuel S. Cox [N. Y.], John R. Tucker [Va.], Richard W. Townsend [Ill.], William R. Morrison [Ill.], Samuel J. Randall [Pa.]—Bill Is Passed by Both Houses and Is Approved by the President—House Frames Bill from the Report of the Commission, but Drops It for an Internal Revenue Bill—Mr. Morrison Reports "Horizontal Reduction" Bill in 1884 to the House from Committee on Ways and Means—Bill Is Defeated—The Tariff as an Issue in the Presidential Campaign of 1884.

ON January 9, 1882, John A. Kasson [Ia.] introduced in the House a bill to appoint a commission to investigate the tariff and internal revenue. It was referred to the Committee on Ways and Means. On February 8 he reported a bill to this effect from the majority of the Committee. It came up for discussion in the Committee of the Whole on March 7.

Tariff Commission

House of Representatives, March 7-May 5, 1882

Edward K. Valentine [Neb.] raised the point of order that the bill, not being a revenue one, could, by the rules, have no precedence over others on the calendar. In this he was supported by other Representatives, among them George D. Tillman [S. C.], who said:

Mr. Speaker, instead of this being a bill to raise revenue I think it is a bill to spend revenue, yet not being a "general ap-

propriation" bill it is not a privileged bill. Instead of proposing to raise funds for the Government it proposes, as I understand, to pay nine gentlemen ten dollars a day and expenses.

Another view is that instead of being a bill to raise revenue it is simply a bill to raise a commission to make suggestions to this body. It seems to me analogous to a resolution calling on one of the departments for its opinion upon certain subjects, and is therefore entitled to no precedence over other bills.

The Chairman (George D. Robinson [Mass.]) sustained the point of order. In his statement of the reason for his decision he incidentally gave a summary of the provisions of the bill.

The Chair finds on inspection of the bill, in the first instance, that it provides for a commission called the "tariff commission"; that in the second section it gives the number of such commissioners, provides for their salaries, and the payment of such officers and assistants as may be provided. In the third section the duty of such commission is prescribed. It is to take into consideration and thoroughly investigate all the various questions relating to the agricultural, commercial, mercantile, manufacturing, mining, and industrial interests of the United States so far as the same may be necessary to the establishment of a judicious tariff, or a revision of the existing tariff; and for the purpose of fully examining the matter which may come before it such commission in the prosecution of its inquiries is empowered to visit such different portions and sections of the country as it may deem advisable. The fourth section provides that the commission shall make to Congress final report of the result of its investigation at certain times prescribed in the bill.

The bill in due order came again before the Committee of the Whole on March 28.

Mr. Kasson spoke in its support.

This proposition, Mr. Chairman, needs but very little debate. I know of very few people in the United States who admit they have no complaint to make against some part of the details of the present tariff. Whether you are free-traders or prohibitory tariff men, protective tariff men, or advocates of a tariff for revenue only, I take it for granted that you all agree that in some manner the present tariff should be reviewed and more or less modified.

For the last twenty years, subject to some slight partial modifications, this country has been conducting its business under the present tariff laws. The interests of the country have become greatly modified and in some respects radically changed in the course of these twenty years.

The free-trader denounces the whole tariff system in principle and detail, and demands revision for his destructive purposes. I may assume, then, sir, I think without dispute, that there is common consent on both sides of the House that there should be a revision of the tariff. It being admitted that a revision is necessary, the next question is as to the manner of the revision. Three methods are proposed. One of them is the ordinary method of the action of your Committee on Ways and Means reporting a bill to the House and obtaining action on that bill. The second is a proposition to combine members of the two Houses of Congress with civilian experts, and thus make a commission for the revision of your tariff; and the third mode is the selection of commissioners, civilian experts, if you please, who shall devote their whole attention to the subject, investigate the facts, the relation of one industry to another, the relation of raw material to the manifold forms of its finished product, its relation to the manufacture of the same things abroad; and, having completed that investigation, shall put it in compact and logical form, and so give us the facts upon which we shall revise and adjust the tariff. That is the third proposition, and it is the one presented by this bill. The Committee on Ways and Means, by a majority, considered the latter mode the best mode; and I think the House, upon candid consideration, will agree with them that the first mode, which involves a report simply from your Ways and Means Committee, is not the one that will bring us to union and harmony in the action of the House. Later experience is against it.

During the last three Congresses, as well as in many instances before in previous Congresses, all your efforts by the Ways and Means Committee to procure a revision and procure action upon your tariff have utterly failed and the House has accomplished nothing in the way of results. Now, sir, what is the reason of that? I think we can all perceive it. We in the Ways and Means Committee go to our work upon that subject with fixed opinions and prejudices sharpened by political contact and fastened to a great extent upon us by the articles of the platforms of the respective parties. We are always antagonizing politics with the business of the country, so that everything that we report to you is more or less colored by the

allegation that it results from our party affiliations and our partisan feeling. The House divides itself in that way. And in addition to that there come up special interests that the committee has failed to get hold of. This is a great country in territorial extent and in the character of its industries. Will any member of the Ways and Means Committee rise in his place here and say he knows all of these vast industries and their relations to each other and to their foreign rivals? Is any man vain enough to say that he is master of all the labors and all the industries of this continent or even of this Union?

I affirm that politicians as we are, with here and there rare exceptions, we are not enough practically acquainted with the industrial interests of the country to be able to tell the House and to satisfy the country that we have adjusted their relations and their taxation in the right way.

When you come to detailed questions there is but one safe source of action, that is the practical knowledge of practical men. Gentlemen may ask, do we not get this in the Committee on Ways and Means by summoning witnesses? I answer yes, partially, but only partially. The richest manufacturers come to us, those who perhaps least need protection. The poorer manufacturers do not come to us. Every man who comes to us voluntarily, all the way from the seat of his own industry, which is usually limited within a certain radius from Washington—every such man comes here for the purpose of taking care of his own interest, not the interests of the whole country.

Now, what is desired above all things is that there shall be men selected who will advise in the general interests of our whole country, not those of an individual manufacturer or the manufacturers of a single article in the market. The advantage of the system proposed is that it directs the commissioners to visit the places where these industries are carried on. It gives them power to call men before them as well as to hear those who come voluntarily. They have their whole time to pursue this inquiry and to reach a result in harmony with the prosperous development of all our diversified labor.

I venture to say that not a tariff bill could be presented here by any number of men upon this floor now getting together and preparing such a bill that would not call forth complaints of the country that some interest had been omitted, injuriously affected, others destroyed, and still others unduly benefited. That would be inevitable, because the information we get in ordinary forms is partial and the result of personal interests in contradistinction to national interests.

What would you gain if, as proposed by some gentlemen, we should combine with this expert commission, so called, a representation of the Senate and the House, having three members of the House, two Senators, and four civilians? The same objections exist, because the majority of the elements of the commission would be subject to the same prejudices and the same political influences as our own committees are here, and their action would not advance us a step in the revision beyond that of the civilian commission.

An additional reason for our objection to both the first and the second methods which I have named is this: our congressional election comes off this year. How many members of this House are willing to devote their entire time from now till December next in the pursuit of these inquiries? How cool and persistent would they be in that pursuit during an exciting electoral contest involving their own political fortunes? Sir, every day of the vacation is required for the commission to reach results. Your Committee on Ways and Means devotes three hours a week to the consideration of this question.

But a commission selected from civilians would give forty-eight hours a week to its consideration, where we now give but three hours, and they would thus arrive at the result we desire vastly sooner than it could be arrived at by the Committee on Ways and Means or by a mixed commission, part of whom must absent themselves during the political contest. You cannot successfully get your work done by the first Monday in December next, except through an independent and free commission.

Gentlemen have often said to us, "Oh, you do not mean anything by this tariff commission except delay; you do not want to touch the tariff or modify it at all; you have held this policy before us for one, two, or three years for no other purpose than to shield the manufacturers against a revision of the tariff." Mr. Chairman, I take this occasion to say that this allegation does not come with the proper grace from our friends on the other side, who had it in their power in the last Congress to have allowed that bill to be taken from the Speaker's table and acted upon, as was desired by every member on this side of the House. Had that been done, then by January of this year a report would have been before you, a bill would have been prepared, and your revision of the tariff would have been now in full progress.

It must be evident that if we can do anything at all in this Congress it must be through this bill, and by the aid of a commission including neither Senators nor Representatives, but

only men who can give their whole time to the subject and who can visit the seats of our great industries.

This method is not new—the method of inquiring by commission. Frequently it has been had by the House of Commons in England, by royal commission, on various subjects. Everywhere except here on this floor and at the other end of the Capitol governments recognize the advantage of consulting their own people, consulting practical business interests, before they adopt legislation that may sweep industries out of existence and convert the prosperity of the country into equally great adversity by the destruction of its vital interests.

Now, Mr. Chairman, I admit that there is one class of men who may justly protest against any delay in the revision of the tariff in order to obtain trustworthy information by a commission or otherwise. Those gentlemen who care for nothing but "revenue only" are justified in asking immediate action. If you do not care what effect your action has upon the business interests of this country, then you want no commission. You may take your tables of returns in the treasury, find how much each article has yielded under the tariff, make your estimates as to how much revenue you want, and grade your rates of duty accordingly. If, on the other hand, you believe that there is such a thing as a national system, that there is such a thing as protection, whether absolute or incidental, and that national industries are worth preserving, then you must be careful what you do; it is then your duty to consult the interests that are to be affected by your action.

Here Mr. Kasson replied at length to the general arguments for free trade. He said in conclusion:

Let others sing the theoretical beauties and blessings of free trade. Enough for me that I find the sure path which has led to the prosperity, the greatness, and the glory of my country. Lend your ears if you will to the melody of free trade, which is like the scholar's story of the music of the spheres, never yet heard by mortal sense. The American patriot will rather incline his ear to that music which is made by the blade that cuts the waving grain, by the hum of the spindle, the sharp ring of the anvil, the whistle of the plane, the crash of the great roller upon masses of iron and steel, the blow of hammers, the rush of machinery, and the whir of the railroad trains which exchange food and manufactures in an unceasing stream among our people. As fire and water, light and heat, electricity and

magnetism are elemental forces producing the infinite variety and utility of nature, so do these represent the formative physical forces of our organized prosperity as a nation. This is the song of education. It means wages for the laborer, bread and clothing and education for his children, and hope for the future. It means that employment of capital which distributes its earnings among the largest number. It means diversity of national industries, which defends us against privations in war and secures our independence in peace. It means national enrichment by buying at home instead of spending abroad. It means accumulation of national wealth, which in turn flows back in a thousand channels to fertilize new enterprises, and develop new sources of wealth. It means the beneficence of boundless charity and the endowment of schools and colleges and churches. It means the progress, the prosperity, the comfort, and the happiness of a people already great, and with a yet greater destiny in the future. [Applause.]

John G. Carlisle [Ky.], of the minority on the Ways and Means Committee, replied to Mr. Kasson.

My objections to this bill do not require a discussion of its provisions in detail, for, while there are many reasons why it should not become a law, the great and controlling reason with me is that in my judgment it is the duty of Congress, in the discharge of its constitutional obligations, and in obedience to the demands of the country, to proceed immediately to revise and modify the existing tariff in the ordinary way. While the intelligent representatives of every industry in the country are almost unanimous in their complaints against the unjust and incongruous provisions of the present system, and many of them are demanding immediate relief from its hardships, it is no time to resort to measures which, however they may be intended, can produce nothing but delay and prolonged agitation to the great injury of every interest involved.

This is not a bill to facilitate the revision of the tariff. It is a bill to pay out of the public treasury about $200 per day for a period of six or seven months, to compensate and defray the traveling and other expenses of a commission to perform duties which we are sent here to perform, and which the people are paying us to perform. It is a bill to create unnecessary offices and to incur unnecessary expenses; and, worse than that, it is a bill to postpone a revision and to take the question, for a time at least, away from the forum to which the Constitution has

committed it, and send it to an irresponsible roving commission whose report cannot possibly be considered and disposed of during the existence of this Congress.

MR. KASSON.—I want to ask my friend and colleague upon the committee, if this revision has been a duty demanded of Congress, and can be well done by the Committee on Ways and Means, why has it not been done by them in the last three Congresses, when men of the gentleman's views were in power?

MR. CARLISLE.—I will state in reply to the gentleman a fact very well known to him and to the whole country, that there never has been a time since this House came under the control of the Democratic party when there has not been a very large majority on this side of the House in favor of revising the tariff system; and the efforts in that direction have been defeated in every instance by an almost unanimous vote on the other side of the House, acting in conjunction with a small minority on this side. The records of Congress bear me out in this assertion.

Mr. Chairman, if this measure shall be passed it requires no gift of prophecy to foresee that there will be no revision of the tariff or any relief from its admitted hardships in particular instances for the next two or three years. All legislation must be suspended, and all consideration of the subject must be postponed until these executive appointees have informed the legislative department what its duties are, and then we are to be graciously permitted to resume our constitutional authority to determine how our own constituents shall be taxed.

What is this wandering commission to do? Is it to assume the right to fix and determine the policy of the Government with respect to the amount of revenue it will raise by the imposition of duties on imports, a question which necessarily involves the whole financial policy of the country? It is perfectly evident that it cannot possibly propose a scheme or plan for the revision of the tariff without first determining how much money ought to be raised; and it is equally evident that it cannot even approach the consideration of that question until it has determined when and how the public debt shall be paid, what the ordinary expenditures shall be, what shall be appropriated for pensions, for public buildings, for the improvement of rivers and harbors, and, in fact, occupied the whole ground embraced within the scope of congresisonal power over these great subjects. In view of the magnitude of the interests involved in the determination of the questions which are inseparably connected with the revision of our customs-revenue system, and especially in view of the favorable circumstances under which we can now enter upon the consideration of the subject, it is not extravagant or intemperate to say that the surrender of our control over it, even temporarily, would be an inexcusable dereliction of duty.

But it may be said, and has been said in substance by the gentleman from Iowa, that the proposed commission can collect evidence in relation to the condition and necessities of the various industries of the country and, without undertaking to decide what amount of revenue shall be raised, or what particular rates of duties shall be imposed, can determine what principles shall or ought to govern us in our legislation upon the subject; that is, whether we shall impose taxes for the purpose of raising revenue for the Government or simply for the purpose of increasing the profits of capital engaged in certain industries, or for both of these purposes. Here again the commission would be treading upon ground which belongs exclusively to Congress. The power to tax the people is the highest prerogative of sovereignty, and the right to determine upon what principles and for what purposes taxes shall be laid and collected—if these be open questions under the Constitution—is one which we can neither surrender nor delegate without virtually yielding the principal power itself. I do not assume that the action of the commission would absolutely bind Congress or actually deprive it of any power it now possesses over these subjects, but I do assume, what every gentleman here very well knows, that its report is expected to have, in fact, a controlling influence over our deliberations when we come finally to make a revision of the tariff. If this is not the intention and expectation, then the whole scheme is utterly devoid of any intelligent purpose except mere delay.

There is but one really substantial ground upon which this measure, or any measure of a similar character, can be justified, and that is the assumed incapacity of the majority in Congress to deal with the subject. I believe that this Congress is entirely competent to perform its duties, and I shall not abandon that opinion until a majority of its members have deliberately pronounced their judgment to the contrary. And we who have been chosen by the people, and who are directly responsible to them, are better qualified than any nine men appointed by the President, and responsible to nobody, to determine what shall be the financial policy of the Government, and upon what principles taxes shall be imposed upon our constituents. This is our right and our duty. It must come to this at last, no matter

what any commission may say or do, and, in my opinion, we ought to commence this work at once and not leave the present law, with all its inequalities and incongruities, to harass and oppress the industries of the country two or three years longer.

Under this tariff the rates of duty run from less than 10 per cent. all the way up to 780 per cent.; from revenue to protection, and from protection to absolute prohibition. Considerably more than two-thirds of our annual importations are subject to these various rates of duty, the average on all dutiable goods being, for the last fiscal year, nearly 43¼ per cent.

Let us inquire as briefly as possible whether such a system as we now have is beneficial to the great body of the people who are compelled to purchase and use manufactured articles, or only a comparatively small number who have invested their capital in particular enterprises. That the prices of such articles are generally lower now than twenty or thirty years ago is undoubtedly true, but I deny that the protective policy has brought them down. That it has not done so, but that on the contrary it has retarded the process of reduction in this country, is conclusively shown by the fact that the diminution of prices here has not been so great under this system as it has been in other countries, and especially in Great Britain, the country which is constantly held up to us as an example of the evil effects of what is erroneously called free trade. The very object of protection is to increase prices. If it did not have that effect it would be of no possible advantage to the manufacturer, and he would not want it.

We are accustomed to hear some very strange and inconsistent arguments upon this subject from the advocates of the protective policy, arguments which no degree of skill in dialectics can possibly reconcile with each other. We are assured that the inevitable effect of a protective tariff upon an article which is or can be produced at home is to cheapen its price, and at the same time we are assured with equal earnestness that the raw material should be free of duty in order to reduce its cost to the manufacturer and to enable him to use it profitably in his business. In brief, we are told that a duty on the raw material increases its cost to the manufacturer, but that a duty on the manufactured article reduces its cost to the consumer. [Laughter.] When the consumer demands a reduction of duty he is informed that it would not reduce the price to take it off, but when a duty is proposed to be put upon the raw material it is immediately protested against as imposing an unjust charge upon the manufacturer who is compelled to use it.

WILLIAM D. KELLEY [Pa.].—Will the gentleman permit me to suggest that it is raw material which cannot be or is not produced in this country to which that argument is applied?

MR. CARLISLE.—I so stated a moment ago.

MR. KELLEY.—The duty on wool as raw material operates to benefit our farmers, and counts in the *ad valorem* duty on woolen goods.

MR. CARLISLE.—The gentleman admits, then, that the duty on wool increases the price of the article. [Laughter.]

MR. KELLEY.—I think not, sir. I think it has led to so great a production that the price, notwithstanding the duty, is down.

MR. CARLISLE.—Now, Mr. Chairman, I am glad the gentleman from Pennsylvania has introduced the subject of wool and woolen goods. Whenever a proposition is made to reduce the enormous duty on woolen goods, the gentleman from Pennsylvania very well knows—no one knows better—that we are invariably met with the statement that a large part of that duty was imposed to compensate the manufacturer for the high rates on wool, which is his raw material; that is, to compensate him for a duty the effect of which, according to one part of the argument, is to reduce the price of the article he has to buy. [Laughter.]

ROSWELL G. HORR [Mich.].—Is the gentleman in favor of repealing the tariff on wool?

MR. CARLISLE.—Not entirely; but there should be a reduction. I assert that no manufacturer, no friend of the protective system, can be found, notwithstanding his constant reiteration of the argument that the duty reduces the price, who is willing to take the tariff off the finished product and leave it on the raw material. In other words, there is no gentleman to be found among them who has sufficient confidence in his theory to subject it to a practical test. [Laughter.] Notwithstanding their assertion that the imposition of a duty reduces the cost, they all want free trade in raw material, whether it be produced at home or abroad, and free trade in labor, no matter where it comes from. [Applause.]

Now, what is the true policy of legislation upon the tariff and all kindred subjects? I think that a policy which gives to all a fair chance in the great contest for wealth, and for social and political distinction, is the only one that will fully develop the material resources of the country and awaken all the energies of its people; and, more than that, it is the only policy consistent with the principles of free government.

Mr. Chairman, it is our duty to legislate for all, and not for a part; to encourage all if we can, and to injure none if we can avoid it. Such a course will develop every industry of the country, do justice to all its people, and demonstrate to the world the wisdom and beneficence of the free institutions under which we live. We have now an opportunity to enter upon such a course, and we ought not to let it pass away from us. [Great applause.]

On March 30, Abram S. Hewitt [N. Y.] opposed the bill.

I take my first proposition, directly antagonizing the gentleman from Iowa. I assert that *legislation cannot create value nor can it determine the rate of wages.* The issue is fairly made up. There is no source of wealth in any country except that which is derived from the soil by the application of labor, machinery, and capital.

It is not possible by any human contrivance, by any amount of abstract thought, by any schemes of legislation, to add to the natural resources of any country. Whatever there may be is in the soil, and in the rain and sunshine that fructify it. Capital can only support the labor which is necessary to bring about the annual harvest, and machinery can only be used to economize the amount of labor bestowed. With labor and skill sufficient for the cultivation of the soil, the economy of production will be proportioned to the amount of capital and machinery employed in its cultivation. There is no royal road to wealth—there is no patent process by which the resources of nature can be augmented. "Can a man by taking thought add a cubit to his stature?" In the absence of any legislation the work of production will proceed in a natural channel, and all that legislation can by any possibility do will be to divert labor and capital from the direction which they would have taken under natural laws. I feel it necessary to make this statement, because many persons who have not given much reflection to this subject seem to think that there is some potency in legislation which can add value to the forces of nature. This fallacy underlies a great many of the propositions which are made in regard to money as well as industry. It is the key to the fiat-money delusion, and it is the explanation of the mistake which is made by those who advocate protection for the sake of protection. When it is once realized that value cannot be created by legislative action, and is the offspring only of hard and

honest labor aided by actual capital—that is, by the possession of accumulated wealth either in the form of money, structures, materials, or machinery—most of the difficulties in the way of intelligent legislation and of placing our industry upon a secure basis will disappear.

But, if legislation cannot create value, it can prevent the growth of wealth by misdirecting industry into unprofitable channels, and by depriving us of the profit which is realized when we exchange the products of our labor, properly applied, for commodities which can be produced in other countries with less expenditure of labor than is necessary to produce these commodities at home. In other words the profits of legitimate commerce may be altogether or partially destroyed by artificial obstructions to the free natural interchange of commodities. These obstructions constitute a deduction from the amount which our producers would otherwise receive for their labor and skill, and are therefore to be avoided, and not created by the action of government.

From this simple statement it will be apparent that I do not believe in the efficacy of taxation in any form as an aid to the development of industry. If we could dispense with taxation altogether it must be evident that the producers of this country would have more to spend and the consumers would get more for the money which they have to expend. The only possible effect of taxes imposed upon foreign commodities must be to alter the direction or distribution of human effort. To understand the bearing of this proposition we must go back to the origin of the Government. In order to secure sufficient revenue, duties were placed upon imports, and those imports were selected upon which the duty could be most readily collected. The duty imposed added to the price of the article, and hence, as this article was raised artificially in price, labor directed to its production would be better rewarded than labor devoted to the production of the untaxed article—assuming always that the labor and capital in each case were not misapplied. In such cases the revenue duty necessarily becomes protective, the labor devoted to the production of the protected article being thus better paid. Thus there is a diversion from the unprotected channels of business into the protected channels, until an equilibrium is produced between the wages paid in both divisions of production.

The exchanges made between these divisions very soon adjust themselves upon a common standard of wages, so that labor and capital are equally rewarded, whether employed in

the protected or the unprotected branches of business. This proposition is true of a country which has no surplus products to export, and in such a country the tax levied upon foreign imports distributes itself equally among the whole mass of the consumers. But whenever there is a great surplus of natural products to be exported the price of these products is not made at home, but in the foreign markets where they are sold, and the wages which can be paid to the laborer engaged in the production of these articles are therefore and thenceforth fixed and determined by what they produce in money, not at home, but in the foreign markets where they are sold. When the time comes that these products constitute the great bulk of the industry of the country, then it is clear that the wages which can be paid for labor are fixed abroad, and not at home; in other words, by free trade and not by protection.

Wages in this country are therefore not regulated by the tariff, because whatever wages can be earned by men engaged in the production of agricultural products, the price of which is fixed abroad, must be the rate of wages which will be paid substantially in every other branch of business. If other branches pay better, labor will quit agriculture and take to manufacture; and, *vice versa*, if agriculture pays better, manufactures will decline and agriculture will progress. Wages, like water, seek a level. Thus we dispose of the first great fallacy of the protective system, which declares that a high tariff produces high wages. The wages of labor at any given time depend upon demand and supply. They will be high when our products are all wanted; they will be low when there is a surplus which the world will not take. Our great products are agriculture. In years of famine the world will take all we have to spare; in years of plenty there will be a surplus for which there is no foreign outlet. And, in the absence of markets for our manufactured products, we are reduced to the unnatural position of basing our prosperity upon the misfortunes of mankind; when in fact the happiness and comfort of the human race ought to be proportioned to the abundance and not the scarcity of the necessities of life.

Now, by our protective system interests of a vast and complicated nature have been created, intertwining and interlacing with each other, so that any injury to one immediately reacts upon all the others. Reforms must therefore be so made as not to cripple or interfere with any considerable existing interest. The object must be not to cripple but rather to remove obstructions which interfere with the natural and healthy growth of

business. We must proceed slowly so as not to interfere with the occupations of people, and not to dislocate industry to such an extent that men are compelled to seek new occupations by a sudden stoppage of those in which they are engaged. This has happened in Germany, where the new revenue system of a highly protective nature has positively destroyed many branches of business and reduced whole towns to a condition of destitution.

But, on the other hand, if reforms are not introduced we come upon another condition of affairs which is even worse than the one which we have described and desire to avoid. That condition of affairs springs from what is mistaken overproduction—that is, from the production of articles which the world wants but from whose markets we are excluded by an unnatural revenue system, shutting us up as if we were bounded by an impassable stone wall. This is the condition in which we shall find ourselves whenever by good harvests abroad we shall no longer have a foreign market for the surplus products of our farms and our plantations. In the ordinary course of nature this condition cannot be far distant, and it is for that reason that I fear the delay which will be inevitable if action upon the tariff is to be postponed until we get the report of any commission, no matter how constituted.

Although the French commissions of inquiry on the tariff simply delayed legislation for five years, and then bore no valuable fruits, against commissions I have no prejudice. In the English system of jurisprudence they do most excellent work, and they can be introduced with great advantage into many branches of our own administration, where we are suffering from the lack of a comprehensive knowledge of the facts necessary to secure reform. But now the time for a commission has passed by. The country cannot afford to wait for the results of its investigations.

This brings me to my second proposition, which is, *that access to the open markets of the world for our manufactured products is essential to the continuance of our prosperity.*

If we could consume our surplus food in the production of manufactured articles which could find an outlet in the open markets of the world, which we could sell in competition with other nations, who are not impeded by charges upon raw materials, we could at least, if no longer able to draw into our coffers the accumulations of gold and silver with which our industry has been fructified—we could at least find occupation for our working population, and gradually establish our indus-

tries upon so broad a basis that failure or superabundance of a single harvest would not affect their general stability. It is true that we cannot hope to provide remedial measures which will produce immediate results, but any improvement in the conditions for production by which our markets may be widened will moderate the impending calamity and shorten its duration.

In reforming the tariff I would select first the raw materials of industry and waste products as proper subjects to be transferred to the free list. This change will lead at once to the extension of many branches of business and the establishment of many new avenues for labor. No injury will be done to any existing interest, because on these raw products the freight is always sufficient to compensate for the difference of the rate of wages prevailing in this country and in the countries from which these products are imported. Many of these raw materials are needed for mixing with our own materials, and indeed many branches of industry cannot be successfully conducted without such admixture. Every pound of foreign material thus imported will enable an additional quantity of our own materials to be used, and in this way the market for these materials and the area for the employment of labor will be greatly and steadily enlarged. The abolition of the duty on raw materials will then enable us to make a corresponding reduction in the duties imposed on the manufactured products of which they are a component part. This reduction of duty on the manufactured product will lead to lower prices, which in their turn will produce a larger consumption, whereby the area of employment will again be enlarged. Notably in this class of reduction will be placed the manufactures of cotton, wool, iron, steel, and many chemical products. This will relieve us from the necessity for raising duties in any case, as was proposed in what is known as the McKinley bill. In the rearrangement of the tariff upon this basis, I shall be able to produce the testimony of the most intelligent manufacturers engaged in these great branches of industry that the result will be beneficial and not injurious.

The principles I have laid down can be applied without the aid of any commission. The information is already in the possession of the Committee on Ways and Means, or within the knowledge of members of this House. If the committee is disinclined to undertake the task of applying these principles, then let the Representatives in Congress assembled undertake it and constitute special committees for the work. There is no leading branch of business which is not represented in this

House. Members here know what measures of reduction can be permitted and what raw materials can be admitted free. To this work of reform both parties are committed. President Arthur in his letter of acceptance used the following language:

> Such changes should be made in the present tariff system of taxation as will relieve every burdened industry and enable our artisans and manufacturers to compete successfully with those of other lands.

On the other hand, the Democrats, when they planted themselves upon a tariff for revenue only, declared through their leading men, and by every authority whose utterances are worth considering, that their only intention was to remove the obstructions to the growth of industry by making raw materials free and by establishing a rate of duty which would be just as between the producer and the consumer, protecting each at the time when each needed protection.

Now, in revising the tariff, taxation should be made to fall as far as possible upon the rich, and removed from the articles consumed by the working classes. Hence I would not tax tea, coffee, or tobacco. I would reduce the duties on common sugar, and, by the removal of duties on raw materials, cheapen clothing and all articles which are consumed by the working classes. Thus may we in a measure prepare for the great alterations which are impending and will change the face of the world from causes more powerful than any mere human devices, bringing about the time when all trade shall be free and all men shall be brothers—

> When the war-drums throb no longer, and the battle-flags are furled,
> In the parliament of man, the federation of the world.[1]

This transition may either be gradual and natural or, if we attempt to dam up the stream of progress, it may come by a convulsion which will shatter the very framework of society. If the change is provided for by intelligent legislation we shall begin by exporting our coarse cottons, as we did before the war; we shall extend the foreign markets for our admirable products of steel and iron in the form of labor-saving machines, and gradually supplant England in the markets of the world, with the productions which we can turn out at a less cost in labor than will be possible for her to do, after paying freights on our raw cotton and our food. The primacy of industry will be transferred gradually but steadily from the Old World to the New, and free trade will give us the markets of the world which

[1] From Tennyson's *Locksley Hall.*

are now controlled by the mother country, and this without impairing our ability to pay the higher rate of wages due to cheaper food, lower taxes, and greater personal intelligence in work.

But let us reverse the picture, and see what is likely to happen in case we delay the reforms in the tariff which are demanded by both political parties and by every consideration of public interest. If good harvests should be secured abroad we shall have a great surplus of food upon our hands and the price will fall; wages will go down with the fall in price; the reduction of wages will be restricted by strikes and lockouts; the conflicts between capital and labor will be reopened, and indeed have already begun; the prosperity of the country will be arrested; railroad transportation will fall off; new railroads will cease to be constructed; our shops will lack work; there will be a dearth of employment all over the country; the volume of immigration will fall off, and the career of expansion and general development will be brought to a disastrous conclusion.

Such a calamity ought never to come to pass, and it never will come unless this generation of men and the representatives of this generation upon this floor fail to comprehend the spirit and the warnings of the time; when capital and labor, mobilized by the discovery of new laws of force and by the progress of invention, demand and will secure the same free interchange for their products which they have already achieved for themselves; when all thoughtful men now see and know that the "glad tidings of great joy," proclaimed two thousand years ago, "of peace on earth and good-will toward men," are, after the lapse of ages, to be made a reality, through the untrammeled intercourse of men and nations with each other, bringing to naught and utterly confounding the doctrine, born of passion, prejudice, and ignorance, which regards men as natural enemies, instead of proclaiming them to be the children of the same Heavenly Father, "whose service is perfect freedom." [Great applause.]

On April 6 William McKinley [O.] spoke in favor of the commission.

While the present tariff laws need some revision, any wholesale change would be unhealthful and unwise. A large part of our industries has been built up under their fostering care; trade has conformed to them, and has been prosperous and

progressive, and no genuine American interest wants them overthrown or materially disturbed. If we could secure some slight changes, conceded by all as necessary, which would endanger no existing interest in the United States, and then establish a clear and unmistakable rule of construction, to guide our customs officers in their interpretation of the law, any general revision of the tariff might well be left for many years to come.

Manufacturers, farmers, laboring men, indeed all the industrial classes in the United States, are severally and jointly interested in the maintenance of the present or a better tariff law which shall recognize in all its force the protection of American producers and American productions. Our first duty is to our own citizens.

Free trade may be suitable to Great Britain and its peculiar social and political structure, but it has no place in this Republic, where classes are unknown and where caste has long since been banished; where equality is the rule; where labor is dignified and honorable; where education and improvement are the individual striving of every citizen, no matter what may be the accident of his birth or the poverty of his early surroundings. Here the mechanic of to-day is the manufacturer of a few years hence. Under such conditions, free trade can have no abiding-place here. We know what we have done and what we can do under the policy of protection. We have had some experience with a revenue tariff, which neither inspires hope or courage or confidence. Our own history condemns the policy we oppose and is the best vindication of the policy which we advocate. It needs no other. It furnished us in part the money to prosecute the war for the Union to a successful termination; it has assisted largely in furnishing the revenue to meet our great public expenditures and diminish with unparalleled rapidity our great national debt; it has contributed in securing to us an unexampled credit; has developed the resources of the country and quickened the energies of our people; has made us what every nation should be, independent and self-reliant; it has made us industrious in peace, and secured us independence in war; and we find ourselves in the beginning of the second century of the Republic without a superior in industrial arts, without an equal in commercial prosperity, with a sound financial system, with an overflowing treasury, blessed at home and at peace with all mankind. Shall we reverse the policy which has rewarded us with such magnificent results? Shall we abandon the policy, which, pursued for

twenty years, has produced such unparalleled growth and prosperity?

No, no. Let us, Mr. Chairman, pass this bill. The creation of a commission will give no alarm to business, will menace no industry in the United States. Whatever of good it brings to us on the first Monday in December next we can accept; all else we can and will reject. [Great applause.]

On April 20 James A. McKenzie [Ky.] opposed the commission.

This bill is an organic injustice. It delegates powers of a quasi-legislative character to nine civilians or experts. And, by the way, gentlemen of the House, the word expert in the last ten years has been made as odious in the American world as the Shakespearean word "occupy." It has a vague, general, indiscriminate signification that is extremely repulsive to all thinking minds.

This bill has one of two objects in view: either to secure delay in the matter of revising the tariff or to secure a revision in the interest of a high protective system.

I say to you gentlemen over on that side of the House that, if this bill becomes a law by your votes, in all conscience you ought to contribute out of your salaries enough to pay the expenses of these nine civilian experts. You were sent here to revise this tariff. You were elected to devise ways and means for carrying on this Government. If you admit your incapacity and delegate your powers and prerogatives to nine paid civilians, by every principle of common honesty known among men you ought to pay the expense yourselves. That would make an enormous difference, I take it, in the votes on that side if it were tacked on as an amendment. [Laughter.]

Amid all the screaming and howling virtue on the Republican side of this House reduction of salaries is not one of their distinguishing and peculiar characteristics. Seventy-five cents a day would be very fair pay for a man who votes for this bill. [Laughter.]

Mr. Chairman, the time has come when the people of America demand relief from this odious, this infamous protective system. We have a country too broad and too grand for such a miserable and restricted policy. It may do in France, it may do in any country of Europe whose territory is equal to only one of our great States; but for a country like ours, a country bounded on the north and the south almost by the poles of the

earth, a country reaching through dozens of degrees of longitude, a country rocked and cradled in the roar of two oceans, the idea of applying a principle so protective, contracted, and proscriptive is ridiculous and unjust, and will eventually be repudiated by the American people. We cannot, as the representatives of fifty million people living under a system of government that guarantees to every man equal rights under the law, afford to foster and protect and further foist upon the people a system that is in contravention of every principle of their laws and of their civilization. [Great applause.]

On May 3 Samuel S. Cox [N. Y.] opposed appointment of the commission.

These are some of the points as I see them against the commission bill:

1. There is an immediate necessity for curtailing the Government revenues. Reason: If we do not, we must use the surplus in one of two ways:

First, in schemes of extravagance, an alternative which is not to be thought of; not alone because of the injustice of bleeding an overtaxed people for reckless wasting, but also because such wasting is corruption to every energy of the Government.

Second, to redeem the bonds. But the Government bonds are the standard security of the country. Our whole financial system (of banks of deposit, banks of issue, trust companies, savings banks, insurance companies, and general trust funds) is built on the bonds. It will be dangerous to draw away that foundation suddenly. *Ergo*, we must not pay off our national debt too fast until our financial system is changed. I know what to say when such a change is before us.

2. There is an immediate expediency in reducing taxation. Taxes stand for more than the amount of the burden represented in dollars. They enter into the cost of production; and, supposing they enter into the cost of the raw material, they make part of an initial value, which is added to at each change and sale—both by profits, interest, and expenses—until when the finished article reaches the consumer the "tax" may have been rolled up to ten times its original bulk. The industries of the country are even now having strikes and a struggle to live, and especially to take their way in the world's markets; they need immediate relief from needless taxation.

3. While it is easy to bring about a conviction that the

tariff is a very complex structure and needs experts to understand it, it is absolute folly to say that glaring abuses are not apparent to the eye of even a superficial analyst. It needs no expert testimony to prove that the duty on steel rails is a fraud. The present rate was put on when the cost of manufacturing rails was five times as great as it is to-day. The duty on copper and copper ore is an obvious swindle. We have the most productive copper mines in the world, and American copper is actually sold cheaper to Englishmen than to Americans. The duty on raw wool is a sop to the farmers which is as much a sham as the duties on wheat; American wools have ruled lower in price since the duty was on than before. The duties on wool and copper are fatal to the extension of our trade with the River Platte countries and Australia.

In a word, there are numerous cases where the slightest examination would discover the advisability of reduction or abolition of duties. Take these cases now, reduce or abolish the duties at once; and let your commission go to work too, if you wish!

4. The findings of the commission would be of no more value than the findings which may be now brought out by the opposing discussions of free-traders and protectionists in Congress. Free-trade Congressmen are of course bound to insist that one side of every tariff case is already made up—namely, the side of the people. The reasons for the abolishment of the duty are established by the universal principle. The only testimony, then, is the testimony of the defence, and it is safe to trust those interested to be at Washington in full force to present their views. [Laughter.]

My friend from Kentucky, in an interview, placed the whole matter in its proper light, with a gleam of felicitous *facetiæ*. J. Proctor Knott was asked as to his opinion of the proposed tariff commission:

"I consider the whole protective system as a cunningly devised scheme to rob Peter in order to enrich Paul, and I think the main object of this proposed commission is to convince poor Peter that he is robbed for his own good, and that he ought to feel very happy when he sees Paul growing rich at his expense. Not to put too fine a point on it, in my judgment the sole purpose of the proposed commission is to collate a batch of specious protection sophisms in the form of a 'report,' to be printed at the public expense and circulated by the million through the mail under the frank of members of Congress just in time for the next presidential campaign; and I think that will be precisely the result should the bill become a law. A very smart trick, well worthy of the sagacity of a set of sharp-sighted patriots who can see a three-cent piece farther with the naked eye than an honest farmer can the full moon through a telescope."

The men who will be on this proposed commission are already in the public mind. They create and subsidize politics. They expect their compensation.

The tariff we seek to revise is a monument of war necessity, and of subsequent treachery. It was promised to be reformed after the war when the internal taxes were reduced on home manufactures. The protectionists know that it stands on shaky ground. They would postpone its modification, because one link in the common bond which binds its selfish enactments and mutual aggrandizement once severed the whole chain falls to pieces. Hence they are anxious for changes, but do not want to begin. The commission is a convenient expedient with which to promise and not perform.

The assertion that protection makes wages high is probably the most potent defence which protectionists at this time possess. But it is an assertion purely; and it is a most preposterous assertion. So utterly bare of argument is this favorite postulate that the moment you attempt to combat it with argument the protectionist sops his ears, shuts his eyes, and opens his mouth to shout "Theory!" Logic is "theory"; reason is "theory"; to think at all is to theorize, when the question "Does protection raise wages?" is propounded. The protectionist solemnly appeals to "facts," and the "facts" put forward are unauthentic, unverified, undigested statements, which, even were they as true as truth, could not possibly prove anything at all.

The usual thing is an elaborately constructed table—figures arranged in symmetric columns; for do they not carry an air of authority? Are they not wonderfully effective even with those who do not read them? The usual thing, I observe, is an elaborate table, professedly comparing wages in England and the United States. It exhibits a low scale of wages for England and a high scale for the United States. And thus run the wonderful syllogisms:

1. Major premise: England has free trade. Minor premise: England has low wages. Conclusion: Free trade produces low wages.

2. Major premise: The United States has protection. Minor premise: The United States has high wages. Conclusion: Protection produces high wages. [Laughter.]

Really, Mr. Speaker, this sort of logic is very easy. There is no end to the propositions we might prove. Thus:

3. Major: England has a queen. Minor: England has low wages. Conclusion: Queens make wages low. [Laughter.]

4. Major: The United States is infested with snakes. Minor: The United States has high wages. Conclusion: Snakes make wages high. [Laughter.]

"But this is nonsense!" says the protectionist. "Exactly so," responds the free-trader; "as pure nonsense as the stock protection argument about wages." The thing you pretend to do is to prove that the alleged low wages of England result from free trade, and you simply assert it. You are asked to prove that the high wages which exist in the United States are the result of protection, and again you simply assert that such is the case. Why do you not carry out your pretence of reasoning? Of all the advanced countries of Europe, England pays the highest wages. Wages are higher in England than in France; higher in France than in Germany. Why do you not treat your followers to this sort of argument:

In England, free trade and high wages. In France, protection and low wages. Therefore: Free trade makes wages high, and protection makes wages low.

Now, I wish to offer here a curious bit of figuring. Suppose that the reasoning from protection premises is correct, and that the 5 per cent. of our workingmen do actually get the higher wages. The number of our working population to-day is not far from 15,000,000. Five per cent. of these gives us 750,000. Now the lowest estimate I have ever been able to make of the total tax paid by consumers on protected goods is $750,000,000 per annum. But $750,000,000 among 750,000 men would be just $1,000 apiece. Whence it would appear that we might just as well have free trade and pay the "protected" workingmen $1,000 a year for remaining idle!

It is the unprotected industries whose steadiness of profits and products enables them to pay the best and steadiest wages. When we tax expenses and not income, it is the workingman who suffers, not capitalists.

In short, the protected industries, like all other industries, take the rate of wages as they find it, and the rate obviously cannot be fixed by a demand which covers only 5 per cent. of the field. Wages are made high in this country by the 95 per cent. demand—by the unprotected grain of the West, the unprotected cotton of the South; by the wonderful bounty of nature to this fruitful land, and by the intelligent brains and cunning hands of all our people.

Now, do you not see that this tariff, which hangs as an incubus on labor in country and city, is one of the monopolies by shameless legislation, by purchased and interested nabobs?

What have you done to lighten the labors of the poor? You would keep up a great surplus by continued taxation. You make provisions dear by making transportation dear, by Bessemer steals. You would perpetuate the mean little taxes on matches and checks and keep the taxes uneconomically high on spirits and beer, by the aid of a pestilent internal system of spies and informers. You are safe while your commission sits, for your exactions continue. You fail to give relief as to the hours of labor or by removing the competition of striped scoundrels in the penitentiary. You force them into "unions," and then, with pretexts of mob and violence, with bayonet and bullet, drive them into desperation. You have legalized oil companies in a gigantic form of greed to grease the wheels of liveried coaches. You would take river fronts in great cities to increase your corporate gains. You create great overland routes and allow them to be gutted, watered, and handled so as to defy and defraud the Government which gave them land and bonds. You make them the supple instruments of heavy interest and a privileged, expensive, political banking system; you have done it by your votes; and, when the devil you have harbored turns and rends in its desperation, you stand here and ask for a commission to report to you, at the end of two years or more, some plan of relief, which will be when reported seven other devils of despair. The men who raise your products, make your cloths, roll your iron, and build your houses are entitled to a fair share of the inheritance of the earth and the blessings of government. They will have their inheritance or know "the reason why." [Cheers.]

This tariff commission will result in nothing. There will be no agreement if the two sides are represented; and, if one side only, it will be partial about any important matter. And Congress at last will simply have to inquire anew for itself.

Now, as to instructions. They will be ruled as not in order to the pending bill, except in so far as they instruct the commission. I suppose as this is not a "revenue measure," so called, the point of order on all amendments directing the Committee on Ways and Means to report a tariff measure, or in any way changing or revising it, will be ruled out. Not being able to vote for any amendment dealing in the rise and fall of wages, and taking my ideas from Silas Wright and Robert J. Walker, the great economists of 1846, I cannot vote for the unequal system of specific duties unless they be discreetly arranged so as to protect the poor man.

Protection is insectivorous. It feeds on the larger body. It

is parasitic. It was said by Professor Riley, a naturalist of the Smithsonian, in a humorous illustration, that there are birds of ill omen who tear holes in cows and sheep and deposit their eggs therein. These hatch out lizards. They fatten on the animals just as protectionists fatten on agriculture. But the animal does not die at once. The lizards in time are driven off the body and buried in the ground and come forth again in the form of birds like their parents. It is the analogue of protection. It may not kill, owing to the native strength of the cow or sheep, but it is very troublesome. [Laughter.]

This clamor of protection is a croak; it is not a rational speech. It began after developing its infantile ways as a tadpole in search for worms and insects. It grew so in damp weather, in the land, that people thought it rained frogs. After a surfeit, the infant began to appear in public as a leader of fashion; he works out of his old skin deftly and swallows it, then he begins to croak again at the satisfaction of consuming part of himself. [Laughter.]

MR. KELLEY.—Will the gentleman from New York allow me a question?

MR. COX.—No, sir; my time is limited. I draw the line of prohibition on you.

MR. KELLEY.—I only wanted to say that the last Democratic Committee on Ways and Means could not dispose of the single subject of sugar alone during the whole Congress.

MR. COX.—The gentleman from Pennsylvania [Mr. Kelley] is speaking; but I do not *value* his remarks specifically. [Laughter.] In fact he is prohibited. [Laughter.]

JOHN R. TUCKER.—He is smuggling.

MR. COX.—He is an instance of all high tariffs. It leads to smuggling, even in debate. [Laughter.] The gentleman's policy taxes little children, babies even.

MR. KELLEY.—Not yours. [Laughter.]

MR. COX.—I have no doubt somebody has lost something by the fact of my not being perpetuated; but before I call attention to these taxes on the babies I desire to say that if I had a child and he did not oppose these high-tariff bounties I would disown him. [Laughter.]

The little girl cannot play with her doll, nor the boy whiz his top, nor the mother wash her offspring with soap, except at an expense of from one-third to one-half of their cost for the domestic privilege. [Laughter.] If the mother gives her child castor-oil she pours down 148 per cent. *ad valorem* [laughter], if the child does not enjoy the dose, there is a 25 per cent.

bowl as the recipient of the contents of its tender stomach. And though she "wash it with niter and take to it much soap, yet the iniquity is marked before me, saith the Lord," for the soap is taxed 40 per centum! God help the child!

RICHARD W. TOWNSEND [Ill.].—How about candy?

MR. COX.—I am coming to that in a moment, my honey. [Great laughter.]

If she wraps the little dear in a plain bleached cotton nightshirt, it has a nightmare of 5½ cents per square yard specific [laughter]; when the child awakes in the morning fretful, she combs its little head at 35 cents *ad valorem* [laughter]; if she would amuse it, she rolls it over a Brussels carpet at 90 cents per square yard, or gives it confectionery made of refined sugar at 4 cents a pound tax, and 25 per cent. *ad valorem;* if it tears its little panties, the gentleman from Pennsylvania [Mr. Kelley] sews them up with spool-thread taxed at three-quarters of its value. [Laughter.] Why, if she used a shingle to bring the little "toddling wee thing" to its senses, as the honorable gentlemen can recall, the cost would be enhanced at the rate of 17 per cent. taxation. [Laughter.]

If the youngster has a patriotic inclination on our Fourth of July, his firecrackers are taxed as a patriotic luxury at $1 extra a box, and the bunting which furnishes the flag, though but 23 cents a pound, costs 121 per cent. extra, while the band plays on instruments taxed at 30 cents. She takes him to the menagerie to study natural history. There is the zebra, symbolic of a mixed *ad valorem* and specific [laughter], and the stately giraffe, high protection [laughter], the royal tiger, and unicorn of Holy Writ at 20 per cent. And the procession of elephants. Every one 20 per cent. True, Jumbo, for purposes not to be mentioned, is excluded by the affidavit of a consistent protectionist! but the log-chain that holds his huge legs binds the monster in protective chains! [Laughter.]

Mr. Chairman, I have come to this debate with no very sanguine hope. The commission bill will pass. We are speaking at a funeral, but it is a funeral which suggests the resurrection and the hope of liberty. America, sir, may yet pioneer the way among the nations in the cultivation and elevation of science, art, manufactures, taste, and amenities which are the result of that intellectual and moral condition that flows from unrestricted interchange, when the differences of soil, climate, production, and society will be so far obliterated that the human race will be advanced in its spiritual and loftier aspirations.

This progress commands the inner and solemn agencies that mark our own race, land, and era. The pauseless energy of steam and the fleet forces of lightning are harnessed for the triumph of liberty—liberty to the plow, the loom, and sail—liberty to dispose of one's labor, the precious pearls of which upon the brow of this century are set as crown jewels of democratic-republican exaltation of individual and national life.

Is it not time for the toilers of our time, so fruitful in progressive thought, to recognize the idea that the greatest economy and morality is to be found in freedom? If, sir, to conserve law with liberty burdens must be laid upon labor, then let it be remembered when we create taxes and tariffs that

> All that freedom's highest aim can reach,
> Is but to lay proportionate loads on each.

[Applause.]

On May 4 William R. Morrison [Ill.] opposed the bill.

The highly protected manufacturing industries do not sustain 10 per cent. of our people. Rates of wages are fixed by what is earned by nine men employed in agricultural, railroad, and other industrial pursuits, not by the one in manufactures. Changes from one employment to another for any cause often bring with them some hardships, but laboring men have the intelligence common to their fellow citizens. If wages are higher in one industry than another, protected or unprotected under like conditions, labor goes from one industry to another and thus wages are equalized in all. When labor is oppressed in the Old World its only escape is to the New, over what is too often an impassable sea. It is compelled to accept the wages offered by its taskmaster, and wages therefore are low. In this newer and better country democratic statesmanship blazed the trees to the other ocean toward which laborers find homes and profitable employment, and therefore wages are not so low. When we have no more cheap lands labor will be lower.

In protected and unprotected industries employers pay what will obtain the needed service and no more. But the gentleman from New York [Mr. Hewitt] seems to be one protected manufacturer who continued his business in the interest of labor at the expense of his own interest, and this is not the only inconsistency of which he is accused. Both politician and manufacturer, he is actually accused of abandoning the protective policy which those who accuse him say is supported by the majority of all the people.

Sir, let us all take courage, when the protective era produces a man, both legislator and manufacturer, who can be accused of devoting himself to the public interest at the expense of his own.

The opponents of revenue reform convert untruths a century old into arguments by restating them. Their first argument was based on a home market for farm products as one of protection's promised results. In 1860 we sent to foreign markets 4,153,153 bushels of wheat, and 153,252,795 bushels in 1880. The value of grain, flour, and meal exported was $23,493,510 in 1860 and $284,126,760 in 1880, with other agricultural products in like increased proportion. The price for our surplus in foreign markets regulates the price of the entire product sold at home or abroad. Two of every three bales of cotton go to a foreign market and one-third of our wheat. Large as our harvests have grown, we must find a foreign market for a larger proportion than before the enactment of the present tariff, and each succeeding year finds us farther from the promised home market. Less than one-fifth of our population produces the manufactures which all consume. Protected or unprotected, the country can sustain less than one-fifth of its population in manufacturing for its own consumption.

At our second centennial, when our people number two hundred millions, manufactures can sustain but forty millions. The value of our agricultural export, now $730,000,000, will be then twice two thousand millions to be sold in competition with the product of the cheapest labor in the Old World, whose cheaper goods our agricultural labor is not permitted to buy in exchange for its own products.

And then, as now, the advocates of this doctrine will produce from the protective storehouse of broken promises and false pretences arguments based on the necessity of protecting our infant industries, to provide a home market for farm products.

The protectionists, who credit this tariff with all they consider good and see nothing but evil in every proposed reduction, present us with a long list of useful inventions, the alleged result of genius inspired by a tariff which puts a tax on salt for cattle and hogs and makes it free for fish, gives bounty to the manufacturer of the iron and steel in the plow, to be paid by him who holds it. Statistics are not so complete as

to justify an estimate of the number of useful discoveries to be credited to the manufacturer who receives bounties and the number to be credited to those whom they pay 68 cents for a day's labor. When that list is furnished I venture the prediction that the useful inventions to be credited to highly protected manufacturers will be made up chiefly of useful inventions and methods for producing Congressional legislation, so largely as to justly entitle our tariff system to the dignity of a science, the science of winning ways.

This paternal policy now affects great solicitude for new industries. It asks us to believe it would develop new industries, or old industries in new homes, and is especially concerned about the undeveloped resources of the new South. If the South needs protection from Old England, who will protect her from the New? Who from Pennsylvania's one-hundred-year-old and long-established industries and her capital accumulated from the bounties of a century? When capital invested in manufactures ceases to be pensioned on our own people it will successfully contend for the world's commerce, depending, it may be, upon the difference in cost of one-eighth of a cent per yard or one-twentieth of a cent per pound. Then capital will avoid waste and must go to the cotton and the ore. The manufacturing industries of the country, chiefly in the older States, are nearly or quite equal to the production of what all our people can use. If it be true that manufactures to prosper or survive must be protected in our own markets, as protectionists assert, and they cannot therefore compete in the world's markets, what is to become of our old "infant industries" in Massachusetts and Pennsylvania when new "infants" are born in Georgia, Alabama, Illinois, and Iowa? Who, then, will pay for Massachusetts school-houses and the musical instruments upon which the honorable chairman [Judge Kelley] has his laboring people playing whenever he does not have them starving? The anxiety of Pennsylvania and Massachusetts to cut off their own markets in the interest of the new South is another evidence that protection quickens inventive genius and develops resources for securing Congressional legislation.

In conclusion, sir, this question in its higher aspects is not a party but a political question, affecting the distribution of property and the proceeds of labor and going back to the foundation rocks of our political system. But it is also a business question. In this view what we need is a business settlement of a business question—reasonable and practical treatment to avoid excessive changes, and we must begin at once, for our surplus revenue is becoming the great corruption fund of the age.

Wages in shops and mills are the same as in other works of like kind, or less. Wages are not the criterion of cost; it is efficiency of labor that counts. Our wages are higher; they should be; and our cost is lower because the labor is more effective. When the courage of our textile manufacturers and our iron and steel makers is equal to their skill they will demand freedom from commercial shackles and bring the world's commerce to their feet.

On May 5 William D. Kelley [Pa.] supported the bill. In conclusion he said:

Mr. Chairman, it has been said that "events are written lessons glaring in huge hieroglyphic picture-writing that all may see and know them." Let me, therefore, turn from the unseemly wrangle into which I have been forced, and from the consideration of imperfect tables, which, like cobwebs, "will hold no conclusion," and contemplate our subject in the light of events—events not of mean but of magnificent proportions. The loss by England of the commanding position in commerce and manufactures she so long maintained and the recognition of the United States as the foremost member of the family of nations are events that all will read and know. By what terrible contest of arms has this reversal of the relations of these nations been wrought! What carnage and desolation marked its progress! Sir, this is the work of peace. It has been wrought by legislation and not by war; and it illustrates the importance of gravely considering every revenue measure which can influence the productive forces of a country.

About thirty years have elapsed since Great Britain entered fully upon its present commercial system, and, throwing down the barriers of defence which secured her home market to her laborers, challenged the nations of the world to competition in manufactured goods in all its markets. The period was well chosen for the success of the experiment. The change was coincident with the discovery of the gold fields of California and Australia, which, by opening to settlement Australasia and the Pacific coast of North America, created large demands for wares and fabrics of every variety in new and highly remunerative markets. The sudden and unprecedented augmentation of the world's stock of gold caused great move-

ments of people, great increase of production, and a great enhancement of prices. Oblivious to the relation of the increase of the supply of gold to prices and the power of people to pay for and consume commodities, and of the effect of the settlement of the rich and remote states to which I have alluded, British statesmen ascribed the wonderfully increased demand for British goods and ships exclusively to their newly applied economic theories. They deceived themselves into the belief that England was invincible and would forever remain as she then was—the workshop of the world and the mistress of the sea.

We had then recently repealed the protective tariff of 1842, and were under the free-trade Walker tariff of 1846; and, if free trade were a specific for the relief of depressed people, our share of prosperity should have been relatively commensurate with that of England. Indeed, many circumstances favored our growth and prosperity in a higher measure than that of England. The gold fields of California were ours, and she could obtain the gold we mined but by purchasing it from us. Our mercantile marine was superior to hers, and London merchants paid a shilling more per chest for tea on an American clipper ship from Hong Kong to London than they would to a British ship. The potato rot devastated the fields of Britain and much of the Continent, and opened a large market for our cereals. During the decade from 1850 to 1860 we mined $1,100,000,000 of gold; but notwithstanding this, and that ocean freight charges were in our favor and not against us, as now, 1857 found the people and the Government bankrupt. Our banks were unable to redeem their notes; our Government unable to borrow money; our laborers idle, and our merchants and manufacturers in a condition almost as deplorable as they had been in 1840, when universal insolvency forced the adoption by Congress of a bankrupt law as the only means of redeeming from mortgage the future of a generation of business men.

If England's augmented prosperity was the result of her adoption of free trade, the history of that decade shows that it did not operate as favorably in this country as it did in that, and that it is therefore not a specific of universal application. Mr. Chairman, in contemplating the history of that decade I am forced to the conclusion that the Almighty, in pursuance of His beneficent purposes, had determined to compel the American people to develop and apply to the relief of suffering mankind the resources of the virgin continent to which He had

led them; and to demonstrate to them by a series of grand events that to accomplish this work they must defend and protect against all competitors by whatever means might be required a people's right to supply their own wants when this could be done by the use of their own raw materials.

The protective tariff of 1842 had lifted us from the prostration to which we had been brought by the compromise tariff of 1832. It was succeeded by Mr. Walker's revenue tariff of 1846; and now in 1857, having mined and squandered on perishable foreign commodities more than a thousand millions of gold, we were again in the condition that 1840, 1841, and 1842 had found us, and in which we remained till the protective tariff of 1861 went into effect.

Since then the provisions of that tariff have defended our industries, our right to develop our resources, and, so far as our insufficient stock of machinery would permit, to supply our own markets. These are events the world must take heed of. In contemplating them it will behold the gradual loss by England of many of her markets; it will see that, to borrow the words of M. Léon Say, her "capital account" is being closed, and that her industry has entered on its decadence; that her people of moderate means in all ranks of life are flocking from the best portions of her farming land to better their fortunes in the wilds of America; and that her manufacturers are not only deserting her, but are bringing their capital, their arts and mysteries, their machinery, and their skilled and trusted workmen to enlarge our "capital account" and add to the wealth and prospective power of our country.

Samuel J. Randall [Dem.], of Pennsylvania, supported the bill.

I do not favor a tariff enacted upon the ground of protection simply for the sake of protection, because I doubt the existence of any constitutional warrant for any such construction or the grant of any such power. It would manifestly be in the nature of class legislation, and to such legislation, favoring one class at the expense of any other, I have always been opposed.

In my judgment this question of free trade will not arise practically in this country during our lives, if ever, so long as we continue to raise revenue by duties on imports, and therefore the discussion of that principle is an absolute waste of time. The assertion that the Constitution permits the levying

of duties in favor of protection "for the sake of protection" is equally uncalled for and unnecessary. Both are alike delusory and not involved in any practical administrative policy. If brought to the test I believe neither would stand for a day. Protection for the sake of protection is prohibition pure and simple of importation, and if there be no importation there will be no duties collected, and consequently no revenue, leaving the necessary expenses of the Government to be collected by direct taxes—for internal taxes would interfere with the protective principle, and when the people were generally asked to bear the burden of heavy taxation to sustain class legislation and the interests of a portion of our people at the expense of the great bulk of our population there would be an emphatic and conclusive negative. So, too, with free trade, there is hardly a man in public life who advocates it pure and simple. Nobody wants direct taxation, although it would bring taxation so near and so constantly before the people that Congress would hesitate long before it voted the sums of money it now does, if not for improper, at least for questionable purposes.

The real question which is presented and in controversy is the revision of taxes, so we may hold the control of the markets of the world for the benefit of our excess of productions over the home consumption.

I favor what Mr. Jefferson declared to be "discriminating duties," what General Jackson described as "a judicious tariff," and what Silas Wright designated as "incidental protection." To accomplish these ends wisely and well requires the greatest circumspection and the exercise of the most careful judgment.

I favor a commission "to take into consideration and to thoroughly investigate all the various questions relating to the agricultural, commercial, mercantile, manufacturing, mining, and industrial interests of the United States, so far as the same may be necessary to the establishment of a judicious tariff."

It will, in my judgment, bring about a revision, absolutely essential, at an earlier day than in any other way now feasible. If I did not sincerely entertain this conviction, no member on this floor would be more opposed to the pending proposition than myself. I believe that the arrangement of our system of tariff duties should not rest upon any partisan policy regulated by existing parties, but that, on the contrary, it should in a measure be divorced from politics, and not be a bone of periodical contention in and out of Congress. It should occupy the higher level and command the best efforts of states-

manship of every party. Mentchikof,[1] one of the ablest as well as one of the most successful ministers of modern times, said: "Statesmanship is a practical knowledge of a state's resources."

We now really have only a choice between no action and this proposed commission. It was originally introduced into Congress by a Democrat. A bill for such a commission was passed during the last Congress by a Democratic Senate. It has again passed the Senate this year with the aid of Democratic votes. It was very generally approved upon the "stump," in my section, at least, during the recent presidential contest.

The Senate has shown at this session an indisposition to respond to any effort which might have been made in this House, for it has anticipated the House in the creation of a tariff commission by an overwhelming vote. It has been frequently charged in this debate that the object of this bill was delay. There is no justification, in my opinion, for such an assertion. Its inevitable tendency and effect must be in the nature of things to hasten a thorough and speedy final adjustment of all questions in dispute as to tariff amendment and reform.

The charge that we are improperly parting with our constitutional functions in the passage of this bill is invalid and should have no influence upon our deliberations and action.

The duties delegated to the commission do not extend beyond the power of recommendation. Yet I hope and believe their review when presented will be of so broad, comprehensive, and catholic a character as to command as a basis of action in reform of taxation the approval of thinking men of all parties.

The fourth section of the bill provides that the commission shall make its final report of the results of its investigation and the testimony taken in the course of the same not later than the first Monday of December, 1882, and it shall cause the testimony taken to be printed from time to time and distributed to members of Congress by the public printer, and shall also cause to be printed for the use of Congress 2,000 copies of its final report, together with the testimony.

Can language be more explicit to prevent delay? It means tariff revision, intelligent and just, at the earliest practical moment. I trust that after the passage of this act—of which at present there seems but little doubt—authority will be given to the Committee on Ways and Means by this House to enable

[1] Alexander Danielovitch Mentchikof (1670-1729), minister under Peter the Great, Catherine I, and Peter II.

it to assemble about the 10th day of November next, and proceed immediately to formulate a bill based upon the testimony taken, and which they will have with all other members received from time to time. Then at the opening of the session in December that committee will be ready to report forthwith its measure of relief to the House for action before the Committee on Appropriations will require the time for general appropriation bills.

Now, I might add that while I have no direct assurance of the fact, yet I am led to believe that the President will, in the composition of this commission, whether exclusively of civilians or only partially, select men who have given a lifetime to the study of the history and philosophy of tariff taxation.

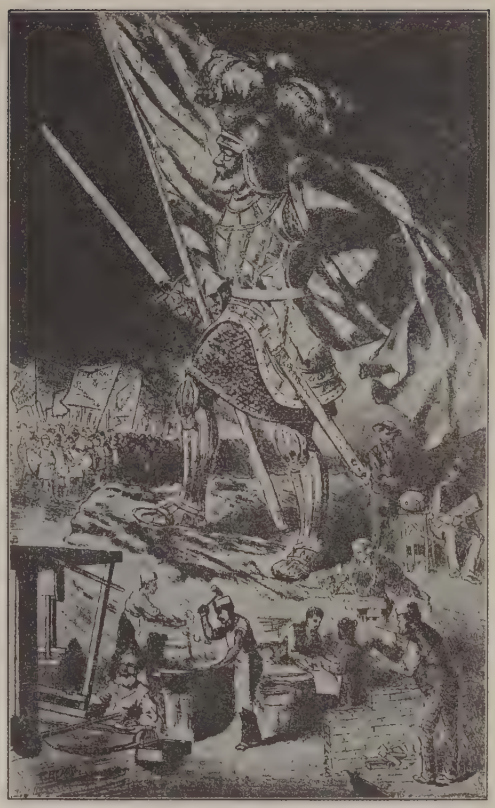
It will not do for any public man to narrow his mind on such a momentous question as that which affects not only the integrity of the Government, but brightens or darkens the home of every citizen just as we shall legislate. Speculative philosophers have contrived the most fascinating forms of government, but wherever they have been subjected to the touchstone of practical operation they have gone most shamefully to pieces. It will not do for men to say, I have laid down this theoretical landmark and you must not go beyond it.

> There's a divinity that shapes our ends,
> Rough-hew them how we will.

If Canute had not moved his chair upon the seashore the incoming tide would have overwhelmed him and his weak advisers under the mighty waves of the sea.

We are no longer a few scattered, isolated colonies of three millions of people, hugging the coast from Massachusetts to Georgia. In 1880 we were a united nation of fifty millions of inhabitants, with industries of the greatest diversity, and grown to such size and power as to contest the markets of the world, and with a military prestige that has surprised and kept in awe the most warlike nations.

In the year 1903 we are told that, according to the ordinary rate of increase, we will have one hundred millions of people. Is there any human mind that can foresee all the possibilities of a free republic of such vast proportions, leading the coming century in wise legislation? Is there one so foolhardy who will stand up and say he knows all about it, and that the wondrous ways of God shall bend to his peremptory dictation? If there be, he can vote against this bill. [Great applause.]



PROTECTION!!
Cartoon by Frank Beard
From the collection of the New York Public Library

The bill was passed on May 6 by a vote of 151 to 83. It was passed on May 9 by the Senate, by a vote of 35 to 19. President Chester A. Arthur signed the bill on May 15, 1882.

The commission reported in December, 1882. Out of this report the House Committee on Ways and Means framed and reported a tariff bill which made an average reduction of about 20 per cent. In the midst of discussion thereon the House bill reducing internal revenue came back from the Senate amended in such a way as virtually to revise the entire system of the tariff. The House adopted this bill in lieu of the tariff bill.

On March 11, 1884, a tariff bill was reported in the House by Mr. Morrison, from the Committee on Ways and Means, of which he was chairman, making a 20 per cent. "horizontal reduction" of customs duties. This bill was discussed at great length, and was finally defeated on May 9 by a vote of 159 to 155.

As the principle of "horizontal reduction" had been previously applied in revising the tariff [see the compromise tariff of 1833—chapter VI), and this new bill failed to pass, the debates upon the latter are therefore omitted.

The tariff entered into the presidential campaign of 1884 as an important, although not crucial, issue. James G. Blaine [Me.], the Republican candidate, was represented by his followers as the "plumed knight" of the protective principle, while Grover Cleveland [N. Y.], the Democratic candidate, stood for "reform" of the tariff, no less than of the civil service and other affairs of the Government.

CHAPTER XII

Reduction of the Surplus

[mills tariff bill of 1888]

Accumulation of Money in Treasury—Speaker John G. Carlisle [Ky.] on Reduction of the Surplus—Third Annual Message of President Grover Cleveland Is Devoted to Reduction of the Surplus and Decrease of the Tariff—Roger Q. Mills [Tex.] Introduces Bill in the House to Authorize Secretary of the Treasury to Use Surplus in Purchase of Non-Matured Bonds—Debate: in Favor, William C. P. Breckinridge [Ky.]; Opposed, William McKinley [O.], Thomas B. Reed [Me.]—Bill Is Passed; Amended and Passed by Senate; Conference Committee Appointed—Mr. Mills Introduces in House a Bill to Decrease the Tariff—Debate: in Favor, Mr. Mills, Benton McMillin [Tenn.], William D. Bynum [Ind.], Isidor Rayner [Md.], William L. Wilson [W. Va.], Gen. Joseph Wheeler [Ala.], Richard P. Bland [Mo.], John M. Allen [Miss.], Benjamin F. Shively [Ind.], Samuel S. Cox [N. Y.], Mr. Breckinridge, John G. Carlisle [Ky.]: Opposed, William D. Kelley [Pa.], Julius C. Burrows [Mich.], Nelson Dingley [Me.], Joseph G. Cannon [Ill.], Seth L. Milliken [Me.], Thomas M. Bayne [Pa.], William H. H. Cowles [N. C.], Samuel J. Randall [Pa.], Mr. McKinley, Mr. Reed; Bill Is Passed by the House—John Sherman [O.] Introduces Substitute Bill in the Senate—Debate: in Favor, Sen. Sherman, Nelson W. Aldrich [R. I.], *et al;* Opposed, Isham G. Harris [Tenn.], James B. Beck [Ky.], *et al*—Mills Bill Fails to Come to a Vote—Benjamin Harrison Elected President.

DURING the congressional session of 1887-88 the tariff was the chief subject of legislation. Not only were all parties agreed as to the necessity of reducing the surplus, but it was the general opinion that the laws in relation to the collection of revenues should be simplified. At the opening of this session John G. Carlisle [Ky.], Speaker of the House, had urged a general revision of the tariff. He said in part:

Reduction of the Surplus

Speaker Carlisle

It must be evident to everyone who has taken even a partial view of public affairs that the time has now come when a re-

vision of our revenue laws and a reduction of taxation are absolutely necessary in order to prevent a large and dangerous accumulation of money in the treasury. Our effort should be to afford the necessary relief to all without injury to the interests of any; and it seems to me that course of legislation should be pursued which will guarantee the laboring people of the country against the paralyzing effects of a general and prolonged financial depression, and at the same time not interfere with their steady employment, or deprive them of any part of the just rewards of their toil. If this can be done—and I believe it can, if our deliberations are conducted with the wisdom and patriotism which the gravity of the situation demands—this Congress will have cause to congratulate itself upon an achievement which promises peace and prosperity to the country for many years to come. [Loud applause.]

On December 6, 1887, the third annual message of President Grover Cleveland was read. It was the first of all such messages to deal with only one subject, bearing entirely on revenue reduction.

Reduction of the Tariff

Third Annual Message of President Cleveland

You are confronted at the threshold of your legislative duties with a condition of the national finances which imperatively demands immediate and careful consideration.

The amount of money annually exacted, through the operation of present laws, from the industries and necessities of the people largely exceeds the sum necessary to meet the expenses of the Government.

There seems to be no assurance that, with such a withdrawal from use of the people's circulating medium, our business community may not in the near future be subjected to the same distress which was quite lately produced from the same cause. And while the functions of our national treasury should be few and simple, and while its best condition would be reached, I believe, by its entire disconnection with private business interests, yet when, by a perversion of its purposes, it idly holds money uselessly subtracted from the channels of trade, there seems to be reason for the claim that some legitimate means should be devised by the Government to re-

store in an emergency, without waste or extravagance, such money to its place among the people.

If such an emergency arises there now exists no clear and

IT IS TIME TO GET THIS UNTANGLED

Grover Cleveland—"What a mess you have got this into by leaving it wound so long. There are so many snarls and knots that it will take much longer than you think to get this yarn to rights."

Cartoon by Thomas Nast

undoubted executive power of relief. There are no bonds outstanding the payment of which we have the right to insist upon.

In the present state of legislation the only pretence of any existing executive power to restore, at this time, any part of our surplus revenues to the people by its expenditure consists

in the supposition that the Secretary of the Treasury may enter the market and purchase the bonds of the Government not yet due, at a rate of premium to be agreed upon. The only provision of law from which such a power could be derived is found in an appropriation bill passed a number of years ago; and it is subject to the suspicion that it was intended as temporary and limited in its application, instead of conferring a continuing discretion and authority. If it is deemed wise to lodge in the Secretary of the Treasury the authority in the present juncture to purchase bonds, it should be plainly vested, to relieve him from undue responsibility.

Our scheme of taxation, by means of which needless surplus is taken from the people and put into the public treasury, consists of a tariff or duty levied upon importations from abroad and internal revenue taxes levied upon the consumption of tobacco and spirituous and malt liquors. It must be conceded that none of the things subjected to internal-revenue taxation are, strictly speaking, necessaries; there appears to be no just complaint of this taxation by the consumers of these articles, and there seems to be nothing so well able to bear the burden without hardship to any portion of the people.

But our present tariff laws, the vicious, inequitable, and illogical source of unnecessary taxation, ought to be at once revised and amended. These laws, as their primary and plain effect, raise the price to consumers of all articles imported and subject to duty by precisely the sum paid for such duties. Thus the amount of the duty measures the tax paid by those who purchase for use these imported articles. Many of these things, however, are raised or manufactured in our own country, and the duties now levied upon foreign goods and products are called protection to these home manufactures, because they render it possible for those of our people who are manufacturers to make these taxed articles and sell them for a price equal to that demanded for the imported goods that have paid customs duty. So it happens that, while comparatively few use the imported articles, millions of our people, who never used and never saw any of the foreign products, purchase and use things of the same kind made in this country, and pay therefor nearly or quite the same enhanced price which the duty adds to the imported articles. Those who buy imports pay the duty charged thereon into the public treasury, but the great majority of our citizens who buy domestic articles of the same class pay a sum at least approximately equal to this duty to the home manufacturer. This reference

to the operation of our tariff laws is not made by way of instruction, but in order that we may be constantly reminded of the manner in which they impose a burden upon those who consume domestic products as well as those who consume imported articles, and thus create a tax upon all our people.

It is not proposed to relieve the country entirely of this taxation. It must be extensively continued as the source of the Government's income; and in a readjustment of our tariff the interests of American labor engaged in manufacture should be carefully considered, as well as the preservation of our manufacturers. It may be called protection, or by any other name, but relief from the hardships and dangers of our present tariff laws should be devised with especial precaution against imperiling the existence of our manufacturing interests. But this existence should not mean a condition which, without regard to the public welfare or a national exigency, must always insure the realization of immense profits instead of moderately profitable returns. As the volume and diversity of our national activities increase, new recruits are added to those who desire a continuation of the advantages which they conceive the present system of tariff taxation directly affords them. So stubbornly have all efforts to reform the present condition been resisted by those of our fellow-citizens thus engaged that they can hardly complain of the suspicion, entertained to a certain extent, that there exists an organized combination all along the line to maintain their advantage.

It is also said that the increase in the price of domestic manufactures resulting from the present tariff is necessary in order that higher wages may be paid to our workingmen employed in manufactories than are paid for what is called the pauper labor of Europe. All will acknowledge the force of an argument which involves the welfare and liberal compensation of our laboring people. The standard of our laborers' life should not be measured by that of any other country less favored, and they are entitled to their full share of all our advantages.

The question imperatively presented for solution should be approached in a spirit higher than partisanship and considered in the light of that regard for patriotic duty which should characterize the action of those intrusted with the weal of a confiding people. But the obligation to declared party policy and principle is not wanting to urge prompt and effective action. Both of the great political parties now represented in the Government have, by repeated and authoritative declara-

tions, condemned the condition of our laws which permits the collection from the people of unnecessary revenue, and have, in the most solemn manner, promised its correction; and neither as citizens nor partisans are our countrymen in a mood to condone the deliberate violation of these pledges.

Our progress toward a wise conclusion will not be improved by dwelling upon the theories of protection and free trade. This savors too much of bandying epithets. It is a *condition* which confronts us—not a theory. Relief from this condition may involve a slight reduction of the advantages which we award our home producers, but the entire withdrawal of such advantages should not be contemplated.

The simple and plain duty which we owe the people is to reduce taxation to the necessary expenses of an economical operation of the Government, and to restore to the business of the country the money which we hold in the treasury through the perversion of governmental powers. These things can and should be done with safety to all our industries, without danger to the opportunity for remunerative labor which our workingmen need, and with benefit to them and all our people, by cheapening their means of subsistence and increasing the measure of their comforts.

I am so much impressed with the paramount importance of the subject to which this communication has thus far been devoted that I shall forego the addition of any other topic.

In accordance with the recommendation of the President in his message on January 16, 1888, Roger Q. Mills [Tex.] introduced in the House a bill to authorize the Secretary of the Treasury to purchase bonds which were not yet due, in order to reduce the surplus. It was referred to the Committee on Ways and Means, of which Mr. Mills was chairman. He reported the bill from the committee on February 14. It came forward for discussion in the Committee of the Whole on February 29, 1888.

Government Purchase of Bonds

House of Representatives, February 20, 1888

William McKinley [O.] declared that the bill was unnecessary.

Does any man within the sound of my voice doubt that the President had a perfect right, from the 4th day of March, 1887, aye, from the date of his inauguration down to this very hour, to have applied every dollar of the fifty-five or sixty millions in the treasury to the purchase of outstanding bonds? He had that power fixed by a law passed in a constitutional way, which passed by the unanimous vote of both Houses, which stood unassailed and unassailable, and, declining to avail himself of it, he lectures Congress because it did not provide for paying out the surplus.

I charge here to-day that the President of the United States and his Administration are solely responsible for whatever congested condition we had in the treasury and whatever alarm prevails about the finances of the country. [Applause.]

He may lecture that side of the House as much as he will. Doubtless they deserve it. [Laughter.] But he cannot avoid or evade the responsibility that rests on him. What does a man do who has got a surplus balance in the banks and has outstanding debts bearing interest? He calls in the evidences of those debts and pays them off with his surplus deposit. That is what a business man would have done. That is what a business administration would have done, and we would have had fifty millions less of interest-bearing bonds in circulation to-day if the President had followed the way blazed for him by the Republican party.

Well, now, I wonder, Mr. Chairman, if there was any ulterior motive in piling up this surplus. I wonder if it was not for the purpose of creating a condition of things in the country which would get up a scare and stampede the country against the protective system.

Well, if the President thought that he was going to get up a storm of indignation and recruit the free-trade army, break down the American system of protection, and put the free-traders on top, he has probably discovered his blunder by this time; and the best evidence of that is that he now wants the law which he has discredited; and so he comes here through his Secretary and asks us to pass this bill which is a duplicate of existing law.

Why pass it? He has got the authority now, and whatever vote we may give we give with the distinct understanding and the positive declaration that an authority just as full and just as ample exists to-day which the President and Secretary have refused to use, and no higher power will be imparted by this law when put on the statute books. But I am willing to do

anything in an honorable way in aiding the Administration to get out of its dilemma and put in circulation the sixty millions of money which it has been hoarding and pay off that amount of Government debts. [Applause.]

Thomas B. Reed [Me.].—Mr. Chairman, I believe that the present financial condition of the country is a part of the conspiracy against protection. I believe that this surplus in the treasury has been accumulated with reference to its effect upon the people of the United States, so that they might without investigating, without quite understanding, clamor for something to be done, they cared not what, which would lead to the impracticable legislation to which chairman after chairman of the Committee on Ways and Means has endeavored in vain to lead the House.

Why, sir, when we came here what spectacle met us? The President with a message, a message which neglected every interest of this vast empire, which placed to one side every question except that of a tariff bill. That was pressing upon us—that and the surplus—and we must act, act instantly, and what have we done? Three months have rolled by and the Committee on Ways and Means have never spent one day upon the tariff. [Applause.]

A special message declaring that there was only one thing on earth which demanded the attention of the Congress of the United States, and that subject utterly unmentioned for three long months in the committee to which that unique message was consigned; and they call that business! [Laughter on the Republican side.]

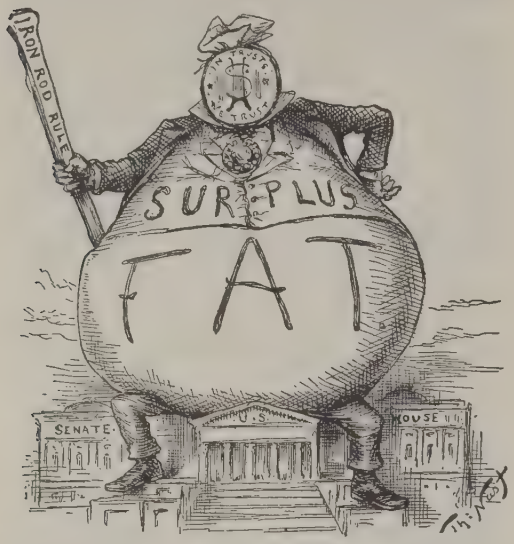
Mr. Chairman, this method of piling up money in the treasury to affect the general business of the country, for the purpose of attacking the system of protection, deserves and will receive the reprobation of thinking men. [Applause on the Republican side.]

William C. P. Breckinridge [Ky.].—Mr. Chairman, the condition which confronted the President and the Secretary of the Treasury on the 1st of October last was a condition for which the present Administration was in no way responsible.

The Forty-ninth Congress must take its due share of responsibility. That Congress alone had the power of providing some mode by which the revenue could be reduced, so that the bonds payable at the option of the Government might absorb the accumulating surplus. That Congress knew that before December last the Administration would have to meet that condition when the 3 per cents. would all be called, the ex-

penditures provided for, and a surplus accumulating daily; and, thus knowing, it adjourned without action.

Surely no one will for a moment propose to keep up revenues larger than the public necessities require, unless the mode in which those revenues are raised indirectly fills his pockets



There is something in power that creates a craving for more.
If monopoly is an infant *now* and needs "protection," what will he be when he becomes of age?

Cartoon by Thomas Nast

with somebody else's money. Therefore the ready excuse of the Forty-ninth Congress for failing to pass any measure which would reduce the public revenues was that so to do would touch the private revenues of the constituents at whose will the gentlemen who refused to reduce the revenue held their commissions in this Hall. [Applause on the Democratic side.]

Now, the President, under the solemn pressure of his sense of duty, has given utterance to his honest judgment and delivered a message, which has been taken out of the mere dull sequence of official documents and caused a discussion from one end of America to the other that neither the wit of the gentleman from Maine [Mr. Reed] nor the eloquence of the gentleman from Ohio [Mr. McKinley] will cause to cease until the iniquitous protection of the present tariff has been reformed. And if the gentleman from Maine will just wait we shall have as much of a tariff bill as he is able to consider, and far more, I think, than he will be able to defeat [applause]; a tariff bill, I hope, that will gather to its support every Democrat on the floor of this House [renewed applause]; a tariff bill which will gather to its support all Republicans who are not given over to "strong delusion that they should believe a lie" [applause]; that will gather to its support all the fair-minded manufacturers who only want what is just; a bill, whether wise or unwise, which will be the product of great labor and a very strong desire on the part of the committee to do what is fair and just. It will relieve the President, whether it be Mr. Cleveland or somebody else, in the next four years from the dilemma of last fall; and instead of finding surplus revenue accumulating in the treasury we will find this surplus left in the pockets of the men who make it. [Applause.]

To-day we only ask of the Congress of the United States to take more explicitly, if it has once done it, to take now, if it has never done it, the responsibility of authorizing the Secretary of the Treasury of the United States to buy the bonds of the United States, even at the premium that they now bear, and in the name of a part of the Democratic party I avow that the fact that it has to buy these bonds at a premium does not rest upon our shoulders; that we did not tie the hands of the American people by putting these bonds out of their power to pay, nor did we perpetuate the taxation which caused this unnecessary accumulation of money in the treasury. [Applause.]

The bill was passed without division. It was amended and passed without division by the Senate on April 5. A conference committee was appointed, which did not report during the session.

The long-delayed tariff bill was reported in the House by Roger Q. Mills [Tex.] from the majority (Democrats) of the Committee on Ways and Means on April

2, 1888. The bill came forward for discussion on April 17.

Reduction of the Tariff

House of Representatives, April 17, 1888

Mr. Mills supported his measure.

Mr. Chairman, during our late Civil War the expenditures required by an enormous military establishment made it necessary that the burdens of taxation should be laid heavily in all directions authorized by the Constitution. The internal-revenue and direct taxes were called into requisition to supplement the revenues arising from customs, to aid the Treasury to respond to the heavy demands which were being daily made upon it. It was stated by the distinguished gentleman [Justin S. Morrill, of Vermont] who then presented to the House the bill so largely increasing the duties, and which to-day bears his honored name, that it was demanded by the exigencies of war and must cease on the return of peace. In his own words he said: "This is intended as a war measure, a temporary measure, and we must as such give it our support."

More than twenty years have elapsed since the war ended. A generation has passed away and a new generation has appeared on the stage since peace has returned to bless our common country; but these war taxes still remain; and they are heavier to-day than they were on an average during the five years of the existence of hostilities. Yet Congress lent a willing ear to the demands of wealthy corporations and individuals and took all the burden from them.

Here Mr. Mills spoke of the abolition, since the war, of various internal taxes, such as the income and corporation taxes, taxes on certain manufactures, etc.

Now, sir, what has been the result of this high-tariff policy? Enormous taxation upon the necessaries of life has been a constant drain upon the people—taxation not only to support all the expenditures of government, but taxation so contrived as to fill the pockets of a privileged class, and taking from the people $5 for private purposes for every dollar that it carries to the public treasury.

The benefits of the tariff all go one way. They go from the consumer to the manufacturer, but not from the manufac-

turer to the consumer. Suppose that the tax on the 60,000,000 of consumers amounts to $10 per head, then it is a tax of six hundred millions; if it is only $5 per head, it is three hundred millions taken out of the pockets of the consumer and put into the pockets of the manufacturers. The tax on the four hundred millions of goods imported goes into the public treasury; the tax levied on domestic manufactures, by raising their price, goes into the pockets of the manufacturers.

But, Mr. Chairman, it is said that this bill will injure our labor. It is said that if we reduce the tariff wages must be reduced. I deny this. Why is it that our rate of wages is higher than anywhere else in the world, that England is higher than France, and that the rate of wages is higher in France than in Germany? Germany and France both have a protective tariff to guard against the free-trade labor of England. What then is it that makes higher wages? It is coal and steam and machinery. It is these three powerful agents that multiply the product of labor and make it more valuable, and high rate of wages means low cost of product. A high rate of wages means that cheap labor has got to go; and the history of our country in the last fifty years demonstrates that as clearly and as conclusively as any mathematical problem can be demonstrated.

Mr. Chairman, Mr. Edward Atkinson, one of the clearest thinkers and writers on political economy of the present day, in his little book on "The Distribution of Products," lays down the principle that high rate of wages means low cost of product, and low rate of wages means high cost of product. He says that "the cheapest man is the one who works the greatest amount of machinery with the least stops."

Here the speaker quoted from Mr. Atkinson various statistics, showing the improvement in labor conditions in several New England manufacturing establishments since the introduction of machinery. He then spoke at length on the rate of wages paid to workers in various industries in England and the United States, and alleged that American laborers are not receiving, in proportion to the amount of work they accomplish, as much pay as the English laborers. He said in conclusion:

Now, gentlemen, the time has come, after the people of this country have been bearing for years these enormous bur-

dens that have been levied on the necessaries of life; now, when "trusts," and "combinations," and "pools" are arising all around us to limit production, to increase prices, to make the laborer's lot harder and darker—now the time has come for us to do something, not for classes, but for the great masses of our people.

I hope and trust that the bill which we have presented to you and which has met with favor throughout the whole country will receive a majority of your votes, a majority of the votes of the Senate, and become a law. I earnestly hope when the treasury is full to overflowing of the people's hard earnings you will lighten their burden, and reduce the taxes on the necessaries of life.

Although the bill we propose is not all that we could have asked, although it is a very moderate bill, yet it will send comfort and happiness into the homes and bosoms of the poor laboring people of this country, and I ask you now in behalf of them to consider their claims and help to reduce the burdens that have so long been laid upon their shoulders.

[Enthusiastic applause on the Democratic side, and cries of "Vote!" "Vote!"]

William D. Kelley [Pa.], of the minority of the committee, replied to Mr. Mills.

The enactment of this bill would instantly paralyze the enterprise and energy of the people. Under the baleful influence of such a law the report of the census of 1890 will announce the overthrow of our manufacturing supremacy and the reduction of our commanding commercial position to that of colonial dependence. It is studiously designed to produce these dire results, and nicely adapted to its purpose. [Applause.]

None of the provisions of the bill are in harmony with the spirit of the age: for they antagonize the aspirations of the American people and are not adapted to facilitate their efforts to supply their wants, gratify their desires, and provide for the future of their families. Its first effect, should it be enacted into law, would be to arrest the magnificent development of mineral wealth, of manufacturing power, and of the diversification of agriculture now taking place throughout the South, and to paralyze the organized industries of the North.

By putting wool on the free list it would abolish sheep husbandry, destroy the immense capital embarked therein, and impoverish the more than a million men who own the flocks or

are employed in their care, and by working this ruin it would diminish the supply of cheap and healthful animal food now furnished by wool-growers to the mining and manufacturing laborers of the country. It would also render the production of American tin-plates and cotton-ties impossible by placing those articles on the free list with wool.

By the transfer of these and other products of coal and iron ore to the free list, and by reducing the duties on steel rails, structural iron, and many other forms of iron and steel sufficiently to withdraw protection from them and permit foreign producers to flood our markets, it would, though it maintained existing duties on coal and iron ore, close a majority of the bituminous coal fields and ore banks which are now giving profitable employment to hundreds of thousands of laborers.

Let me now turn to President Cleveland's free-trade message. His assumption that the duty is always added to the cost, not only of imported commodities, but to the price of like commodities produced in this country, shows how profoundly ignorant he is of economic science. To illustrate the puerile absurdity of this assumption I invite the President's attention to the fact that, though the duties imposed by our Government on sugar when reduced to *ad valorem* standards were never so high as they now are, the price of sugar was never so low in this country as it now is. This condition of things is not exceptional, but is consistent with the history of the production of saccharine plants and the conversion of their juices into marketable sugar.

Here Mr. Kelley spoke at length against the reduction of the duty on sugar. He then concluded by saying:

The purity of the Government, the safety of business, and the morals of the people demand the abatement of the surplus by the repeal of the special war taxes from which it flows. If we shall fail to abolish these taxes, and, in addition to the hoarding of millions of dollars in the treasury of the United States, we also maintain a system of securities by which from seventy-five to one hundred million dollars more of our money shall be applied exclusively to the use of the whisky trust in its war upon our industries and national independence, history, when referring to the surplus and its demoralizing influence, will impute the crime that perpetuated it and the consequences with which it is fraught to the Fiftieth Congress. [Great applause.]

On April 24 Benton McMillin [Tenn.], of the majority of the committee, replied to Judge Kelley. He said in conclusion:

I have no apprehension as to who will be victor in the battle about to be waged between legitimate taxation and that oppressive taxation which is invoked to aid trusts and make pooling profitable. The people have waited long and patiently. But at last they are aroused. Their voice comes thundering through these halls demanding reduction of taxes. "Justice has had to travel with a leaden heel, but is ready to strike with an iron hand." The procession for the relief of the tax-payer is moving. There are but two places about this procession—one after it, the other under it. Seek to-day, sirs, whether you prefer to follow and aid it, or go down under it and be crushed by it. [Prolonged applause.]

Julius C. Burrows [Mich.], of the minority of the committee, then spoke. Addressing his remarks to the President's message, he said:

That the plan of the President and his party, if carried into execution, as proposed in this bill, would prove disastrous to American industries and American labor cannot be questioned. It is impossible to secure the necessary reduction of revenue by the abolition or lowering of duties without exposing our domestic industries to the most ruinous foreign competition. But the President seeks to allay public apprehension in this regard by declaring that in the execution of this plan care will be taken not to cripple or destroy our manufactures or work "loss of employment to the workingman or the lessening of his wages." As if his plan could be carried out without working such a result!

On April 25 William D. Bynum [Ind.], of the majority of the committee, spoke exhaustively, answering, one by one, the objections to the bill. In conclusion he said:

Mr. Chairman, the last and certainly the weakest argument that has been urged against the passage of the bill under discussion and in favor of higher duties upon imports is that we should increase duties so as to prohibit importations and thereby raise the price of all products, in order that we may not, in case of a sudden attack or invasion, be dependent upon

other countries for supplies. To declare that it is necessary for us to compel one class of citizens to pay tribute to another, in order that we may constantly be prepared for a sudden invasion upon every side, is to declare that the great lights which have illumined the world and inspired the hopes of mankind for two thousand years may go out in a twinkling. As for myself, I indulge in no such fears. Rather than dwell in the ages of the past, clad in armor, with spear in hand, I prefer to live in the present, and in the glorious anticipation of a higher and grander future, when all nations shall be banded together in one solemn compact to peaceably arbitrate all differences. [Great applause.]

On April 30 Isidor Rayner [Md.] spoke, ending with an appeal to his fellow Democrats to unite in support of the bill as presented by the committee.

I am for revenue reform because I am a Democrat; not of that sort of democracy that gathers its inspiration from the blast furnaces of Pennsylvania or the woolen mills of New England, but a democracy that can point to Mount Vernon's shades and Monticello's heights and say that from the day of its birth it has been the mortal enemy of monopoly; and when it strikes it down, as strike it down it will, upon its ruins it will live. Its manhood asserted, its promises fulfilled, and its honor vindicated, it will receive under the leadership of him who leads it now, and who, in my opinion, is as fearless a foe as corruption ever encountered, the renewed fealty of the people; but if it yields to the tempter's touch, if it breaks its ranks and locks hands with the monopolists who have been gathering their iniquitous toll for a quarter of a century at the ports of entry of this Republic, and who are here now infesting the avenues of legislation, then in my opinion its handwriting is on the wall and its destiny is closed, for treachery can never triumph and a lie can never live. [Great applause.]

William L. Wilson [W. Va.], of the majority of the committee, spoke on May 3.

That which confronts us to-day is a condition of prolonged, excessive taxation, of a surplus flowing into the treasury which can be gotten out again only by using it to buy the bonds of the Government at the market premium; of a surplus that by the end of the present fiscal year, without such purchase, will drain

away from the channels of trade and commerce one-tenth part of all the money usually in circulation among the people.

That, sir, is the condition, and, as in the past, so now there is no statesmanship on the other side of this House that can meet it. Acknowledging an allegiance higher than that which they owe the people in framing a tariff system, they stand helpless before the great task of tariff reduction. Even in their debates here they are "many men of many minds."

We have had twenty-five years of protection in this country and the fruits of it. Proposing to be a policy for the making and maintenance of wages, it tells us nothing of the growing antagonism between labor and capital that has marked the recent history of our country; of the unsatisfactory relations between employer and employed; of the long industrial depressions; of the twenty and odd thousand strikes, and the twenty and odd hundred lockouts in our industrial establishments during the past six years alone, with the resulting loss of $60,000,000 in wages to labor; of the building up of great wealth by favoritism, which tries to hold on to its privileges by corrupting the ballot box and intimidating voters; of the centralization of manufactures into a few great corporations, and the recent combination of these into trusts. Of all these, Mr. Chairman, we hear nothing in our discussions.

It urges the restoration of our merchant marine, which it has helped to sweep from the seas, by subsidies, that word of evil omen in a republic, contact with which has never failed to bring shame upon Congress and a stain upon our national honor.

Such, Mr. Chairman, are some of the fruits of twenty-five years of protection; such are some of the ideas with which it is educating our people; such is the career of profligate expenditure along which it is urging us in order to escape any reduction of taxes which may work a lessening of its bounties.

Here the speaker denounced the protective system as the builder of trusts. He said in conclusion:

All we can hope for the future greatness of this country hangs upon the present issue; and in the sentiment and somewhat in the words of Mr. Speaker, whoever may falter and whoever may fail, the people of the country mean that its glorious destinies shall be preserved; that they shall be transmitted unimpaired to posterity; that the country shall not belong to monopolists on the one hand or to communists on the other, but shall be, as it was designed to be, a government of the people,

by the people, and for the people. [Great applause, and cries of "Vote! Vote!"]

Nelson Dingley [Me.] opposed the bill. He addressed his remarks principally to Mr. Mills' speech.

Where are the facts to support the ingenious theory of the gentleman from Texas that the American laborer receives less pay than the foreign laborer in proportion to the amount of work he accomplishes? How does he arrive at this conclusion? Why, the simple fact that so many hundreds of thousands of foreigners come to our shores to improve their condition, and that none go to Europe from this country for this purpose, is a complete demonstration that they secure better wages for the same amount of work.

Driven to the wall, the last refuge of the free-trader is in the assumption that our protective policy has nothing to do with maintaining our higher wages, but that these wages are the result solely of our cheap land and our abundant natural resources.

"Demand and supply make wages," says the gentleman from Texas. True. But the protective policy comes in to encourage and establish new industries and new opportunities for labor, and thus increases the demand and necessarily tends to raise the rate of wages, not simply in manufacturing industries, but also in every other employment within the reach of the demand for labor which they create.

The gentleman from Texas devoted much time to an attempt to show that manufacturers, and not their employees, reap the whole benefit of protective duties.

The simple answer to this allegation is that the active competition going on in all kinds of business in this country prevents manufacturers from reaping larger rewards for their investments than is obtained in other kinds of business. Statistics of dividends, furnished by Mr. Edward Atkinson, an authority which the gentleman from Texas accepts as reliable, show that the average annual profits of the manufacturing establishments of New England in the last fifteen years were only 6 per cent.

Indeed, Mr. Atkinson states that the proportion of product received by capital has been steadily declining, and that received by labor steadily increasing.

Now, the gentleman from Tennessee [Mr. McMillin] congratulated the country that "we have reached a point for the

consideration of a bill looking to the reduction of the taxes on the necessaries of life." Surely there is not much reason for congratulation on this score in view of a bill which proposes to impose a "tax" of 65 per cent. on rice and 68 per cent. on sugar—two articles which by common consent are as necessary as flour in every poor man's family, and articles, too, produced to so small an extent in this country that the duty is nearly all added to the price. [Applause.]

But let us look further into this bill. It proposes to make wool, lime, manufactured lumber, wood and chemical pulp, and farm products cheaper by allowing them to be imported free of duty from other countries where the labor required to produce these materials is cheaper than here.

Mr. Chairman, what I desire to ask the distinguished chairman of the Ways and Means Committee is, if it is a good thing to avail ourselves of the manufactured lumber, the wood pulp, the lime, the wool, and the farm products supplied by the cheaper labor of other countries, and give up producing these articles here, or else bring our labor down to the foreign standard, why then is it not a good, aye, a better, thing to also allow all the more advanced manufactures which can be made abroad more cheaply by labor paid less wages than here to come in free of duty? [Applause.]

The chief reason given by the gentleman from Texas for placing on the free list these so-called "raw materials" was to thereby cheapen our manufactured products, so as to be able to better compete with European manufacturing nations in foreign markets.

The gentleman from Indiana [Mr. Bynum] seemed to think that if we only had free wool our woolen mills would at once be able to find valuable foreign markets for their goods.

Now, if with the raw material of cotton cheaper than our British competitors we have been able to export only a few goods, in which there is but a fraction of labor, how does the gentleman suppose we should be able to compete in foreign markets with woolen goods in which the labor is a much larger element?

No, Mr. Chairman, free wool would not add to our foreign markets for woolen goods so long as our labor costs so much more than does the labor of our foreign competitors. That is the sole reason why we cannot compete in foreign markets with manufactured articles into which much labor enters, except in cases of specialties which circumstances have made peculiar to this country.

Here the speaker discussed at length the question of the foreign market. He said in conclusion:

Mr. Chairman, it ought to be sufficient to deter us from hazardous experiments which look attractive in the figures of rhetoric, that under the protective policy which has prevailed for more than a quarter of a century the United States has grown so wonderfully in population, agriculture, manufactures, and all the elements which have to do with material prosperity, that even the most distinguished and most highly honored statesman of Great Britain—the peerless Gladstone—has spoken of her in debate in Parliament as the most marvelous and prosperous nation in Christendom. [Prolonged applause.]

General Joseph Wheeler [Ala.] supported the bill in a long speech which consumed parts of two days (May 4 and 5). He gave a summary of our tariff legislation from the first Congress down. Coming to the present, he dwelt particularly upon high tariffs as a basis for the formation of "trusts." He said in conclusion:

In revising the tariff, let us have laws so that we can ship our products in our own vessels, officered and manned by Americans, and we will defy every nation on the earth.

There are many things which should be done to bring about this desired end. We should reduce the tax on machinery, so that mills could be established at less expense; we should reduce the tax upon all necessaries of life; we should encourage reciprocal relations with all the nations whose trade we desire to obtain, so as to induce them to enact friendly tariff laws instead of the retaliatory measures now on the statute books of those countries, some of which were provoked by unnecessary and unwise discriminations in our laws; we should build up our merchant marine, and have American sailors upon every sea and in every foreign port. The sailors of our country are its commercial missionaries; they meet the persons who are to handle, purchase, and use our goods in their own country and at their own homes. We must have American sailors in every port to uphold and defend our merchandise.

On May 5 Richard P. Bland [Mo.] supported the bill. He replied to Mr. Burrows' speech of April 24, and then addressed his remarks particularly to the argument of

protectionists that, in order to avert a financial panic, the present system must be maintained.

He continued:

The gentleman from Michigan [Mr. Burrows] took occasion the other day to criticise somewhat sarcastically the majority of the Committee on Ways and Means for the manner in which they had produced this bill. He even went so far as to say that it was a bantling without parentage. This comes with bad grace from the minority of the committee, who up to this hour have shown to the country that they are financial and tariff eunuchs, not having the virility or the manhood to present to this House a bantling of any character. [Laughter and applause on the Democratic side.]

Is it true, Mr. Chairman, that in this stage of our history we have reached a point where we have encumbered ourselves with a boomerang of tariff, a system of taxation that cannot be touched or interfered with without bringing disaster to the business interests of the country; while, on the other hand, it takes from the pockets of the people and piles up in the treasury a surplus amounting, I assert to-day, to $300,000,000 that ought not to be there? If this is true, and if this system is to be continued, sooner or later it will absorb the whole circulation of the country, reducing enormously property values, and bringing bankruptcy and general financial disaster upon the people. Is it true, I ask, that if we touch the tariff we are to be bankrupted, and if we do not touch it we are still to be bankrupted—that we are to be damned if we do and be damned if we do not? [Laughter.]

On May 10 Joseph G. Cannon [Ill.] opposed the bill. He talked particularly on the "trust" question.

Much has been said, Mr. Chairman, during this debate about trusts or combinations to limit the production and control the prices of products. It is claimed that our customs legislation is responsible for the same. These combinations are common in the country and throughout the world, and from time to time have existed for ages past. I submit, however, that the protective policy is one of the principal means of combating such organizations. Before our industries were diversified, and while we were dependent upon Europe for our manufactured products, the foreign manufacturer who wanted a good price and the importer who wanted a good profit and commis-

emnly and seriously propounded the question to Mr. Toots: "What are you going to do with your raw materials when they come into your ports in return for your drain of gold?" Mr. Toots, to whom the question seemed perplexing, replied that he'd cook 'em. [Laughter and applause.]

But Mr. Baps did not seem to think this would do, and when he met Sir Barnet Skettles he propounded the same interrogatory to him. Sir Barnet had much to say upon the question and said it, but it did not appear to solve the question, for Mr. Baps retorted, "Yes, but suppose Russia stepped in with her tallows," which struck Sir Barnet almost dumb, for he could only shake his head after that and say, "Why, you must fall back on your cottons." [Laughter.]

Now, gentlemen, we have been told here upon this floor that "the tariff has made New England what it is, and is going to give you people in the South, whenever you accept all the beneficial provisions, all that great prosperity that pertains to New England." To hear these gentlemen talk you would suppose that they put the tariff upon the same ground as the plan of salvation; it is a thing you have to accept in order to get the benefit of it. [Laughter and applause on the Democratic side.]

THOMAS M. BAYNE [Pa.].—Is the price of cotton fixed at London or at Boston?

MR. ALLEN.—It is fixed at Liverpool.

MR. BAYNE.—Does not the British manufacturer treat you in the same way as the Boston manufacturer?

MR. ALLEN.—Yes; but he does not levy any tariff on us. It is the Boston man who gets the tariff, not the British man. [Applause.] If the Boston man gave us any more for our cotton than the Britisher, it would be a reasonable exchange, but he does not. [Applause.]

Now, sir, let me state that the Southern people are a people who would like to avail themselves of all the privileges that are within their reach. Gentlemen are attempting to make them out as a stubborn people, and a people who will not reach out their hands and take what is offered. When I hear the gentleman from New Hampshire and the gentleman from Ohio coming up here and making love to each other, billing and cooing, it reminds me, and if I had my voice I would give it to you in song, of the cooing of Bettina and Pippo in "The Mascot," when New England says: "I my factories love," and Ohio responds, "And I my sheep," and New England says, "When they make their biggest gobble, gobble, gobble" [great laughter], and Ohio

sion in handling the foreign product fixed the prices as they chose, but wherever protection was sufficient to afford the home manufacturer security against the cheap labor and capital of the foreign manufacturer home manufactories have been established and home competition has cheapened the product.

The manufacturer produces side by side with the agriculturist and other producers. Exchanges of products have been made upon smaller commissions and small charges for transportation. All over the country manufacturers come in direct contact with the retailers and consumers. This does not suit the importers, especially at New York, who with our Southern brethren are the most persistent enemies of the protective system. Let it be noted that a trust or combination between the importer and the foreign manufacturer cannot be reached by legislative penalty.

Mr. Chairman, these combinations are against public policy, and the American people can and will subdue and destroy them. We can reach "trusts" formed in the United States by legislative penalty, but "trusts" of foreign growth are beyond our reach, except as we reach them by development of home industries.

Seth L. Milliken [Me.] opposed the bill. He spoke particularly of the free raw materials proposed by it.

The proposition of free raw material which the President makes, which is in every Democratic speech made in this House, and which is a continual song in the mouth of the free-trader, is about as absurd as any part of the free-trade argument. What is raw material? Nothing that has been made valuable by human labor; nothing that has been wrought or developed by the skill or muscle of man. But free-traders make their classification to suit themselves. Some place raw material at one stage of manufacture and some at another, and when an article has been wrought to the condition next to the last degree of perfection, so that they would not protect any workman except him whose labor has been applied to the last process of production, most of our free-traders cease to call it raw material.

John M. Allen [Miss.] followed. He spoke particularly upon the question of cotton.

Many of the arguments against this bill remind me of the discussion between Mr. Baps and Mr. Toots and Sir Barnet Skettles, given by Dickens in "Dombey and Son." Mr. Baps sol-

says, "When they softly bleat, bah, bah." [Renewed laughter and applause.]

Mr. Chairman, if in the course of these few feeble and hurried remarks [laughter] I have said anything that is calculated in the least to reflect on or wound the tender sensibilities of the New England hen or the Ohio sheep, I ask pardon now, sir, and trust it will be granted. [Prolonged applause.]

William H. H. Cowles [N. C.], a Democrat, favored raising all revenues from the tariff, abolishing internal revenue. He spoke particularly against the taxes on whisky and brandy. He said in conclusion:

The people feel, sir, that all such taxes should be left to the regulation of their States respectively. They love their State governments, and more blood and treasure, including the days of the Revolution, have been spent to maintain the right of local self-government than for any other cause on this continent.

Mr. Chairman, it is not the whisky-making or the whisky-drinking element of society that I represent in this argument, but I feel that I voice the sentiment of the law-abiding, God-fearing Christian people of my country when I say, Down with the demoralizing system of internal revenue! The moral element of the land have got the true idea of this institution at last, which for so long a time—God save the mark—has run as an adjunct to morality and temperance, and their opposition will grow more and more intense as they learn more about it.

On May 16 Benjamin F. Shively [Ind.] supported the bill. He concluded his speech as follows:

Mr. Chairman, the issue is broad, plain, and distinct. The Government must have money to pay its expenses, its debts, the pensions to its soldiers. A large proportion of this money must be raised by customs taxation. Sufficient taxes must be thus collected, added to our internal revenue, to defray all the expenses of the Government economically administered. Within these limits I favor a discriminating tariff. At every point I would give American labor the benefit of the doubt, but let a measure of the regulating power of competition loose among the American combines, and compel them to allow freer raw material to our manufacturers and cheaper necessaries of life to our consumers. Reduce the surplus in the public treasury, and leave the present excess of taxes in the pockets of the people.

Opposed to all this stand the privileged combinations of the country to whom has been farmed out the power of taxation. They are arrayed in solid phalanx in favor, not of protection to infants, but monopoly for gains; not in favor of keeping up the price of what labor has to sell, but of what labor has to buy; not in favor of moderate taxation and economic government, but in favor of excessive taxation and profligate expenditures; not in favor of that fundamental principle of equal justice to all which forms the very substructure of this Republic, but in favor of the principle of special privileges to the few, which corrupts government and destroys the welfare of the many. On such an issue, and with such a cause, we confidently appeal from the clamor of greed, of privilege, and of power on this floor to the millions on the farms and in the workshops of the country, on whose shoulders at last fall the burdens of government, and in whose hearts at last rests the safety of our institutions. [Prolonged applause.]

On May 17 Samuel S. Cox [N. Y.] replied in a humorous vein to various remarks of the protectionists preceding him. He said in conclusion:

With all this country's wonderful experience and accomplishment, beyond the wildest dreams of that classic genius which pictured a new Atlantis and an ideal commonwealth beyond the Hesperian star—shall we be shackled by a wrongful constraint? Shall Economy, which ever walks white-handed along with her sister—Liberty—fail of that guiding effulgence which makes glad the heart of our people? Why should not our struggling millions aspire to a better future? Why should they lay up the treasures of their enterprises, if, indeed, the spirit of freedom be wanting? Freedom not only to work as we please, but to dispose of the product of our work as we please; freedom to spend our means where we can get the most for them; freedom to invest our means without the ignominy of enslaving statutes, and freedom to symbolize with our enstarred ensign that beauty and unity with which nature has glorified our beloved land, and to inspire other nations with the same constitutional order wherewithal that we have been made free.

> What avail the plow and sail,
> Or land or life, if freedom fail!

[Long continued applause.]

Samuel J. Randall [Pa.] spoke on May 18. He presented a substitute for the Mills bill.

The bill which I have introduced embraces a revision of the entire tariff system on principles believed to be in harmony with the last authoritative declaration of the Democratic party. The principles of this bill are as follows:

It carries to the free list many articles which enter into consumption as raw material, or otherwise, and in the production of which there is no injurious competition between this and other countries.

In fixing the tariff rates the aim has been to adjust the duties as nearly as possible to cover the difference in the cost of production in this and other countries, arising from the different conditions I have stated. This rule has been extended to all the industries embraced in our system where climate or other causes do not put us at a disadvantage in carrying on production.

In working out the details of the bill under these principles it has been my purpose to lower the duties wherever possible and reduce the revenues.

But here we come upon principles that require careful attention. Between the extremes of free trade on the one hand and a prohibitory tariff on the other there are three principles, one or the other of which must govern in levying a tariff. First, revenue only, or an even rate of duty on all imports, just high enough to yield the revenue needed to support the Government.

Second, maximum revenue; that is, a tariff that will yield the largest possible revenue.

Third, a tariff to cover the difference in cost of production in this and other countries.

The important points to consider in connection with these principles is that the line of "revenue only" falls below either of the others, and that the line of maximum revenue (which is the largest product resulting from multiplying the rate of duty on any article by the quantity imported) is always and necessarily below the line of difference in the cost of production. Consequently, to lower the rate of duty, until the line of maximum revenue is passed, must result in an increase of revenues and not a decrease. To reduce the rate from the line of maximum revenue down will result, of course, in reduced revenues. On the other hand, to raise the rate until the line of maximum revenue is reached is to increase the revenues; but, from the

line of maximum revenue up, an increase in the rate of duty necessarily results in reduced revenues. To ignore these principles is to act blindly, and any computations calculated to show the results of changes in the tariff that do not take these facts into account are utterly worthless.

William McKinley [O.] followed Mr. Randall.

Mr. Chairman, there are a few striking things in this bill which the country ought to understand.

Here is a single item, steel billets. The present duty on steel billets is 45 per cent. *ad valorem*. In this bill it is increased to $11 per ton, which is equivalent to 68.33 per cent.—an advance of 45 per cent. Do you know what is made out of these steel billets? Wire fencing, which incloses the great fields of the West; and the raw material is increased 45 per cent. by this bill; and if the principle of the gentlemen who advocate the bill be true, that the duty is added to the cost, every pound of wire fencing that goes to the West will be increased from one-quarter to one-half a cent a pound; all this under a Democratic bill. What else is made out of steel billets? Nails, which everybody uses, which enter into the everyday uses of the people. The duty upon nails is reduced 25 per cent., and the raw materials is increased 45 per cent. [Laughter.] As a friend near me suggests, when one end goes up the other goes down; and the latter, I trust, will be the fate of this bill. [Laughter.]

Why, sir, the duty on wire fencing is only 45 per cent. *ad valorem*, yet the billet from which wire fencing is made must pay in this bill 63 per cent. Here [illustrating] is a piece of wire rod drawn from these steel billets, and which finally goes into fencing. That is dutiable at 45 per cent. under this bill; and the steel from which it is made is dutiable at 63 per cent. What do you think of "raw material" for manufactures? [Laughter.] No account is here taken of the labor required to draw the rods.

Then here are cotton ties, which present another queer freak in this bill. Everybody knows what cotton ties are; they are hoop iron cut into lengths just large enough to go round a bale of cotton. Now, if the Southern cotton planter wants some of this hoop iron with which to bale his cotton, he goes to the custom house at New York or Charleston and cuts off all he wants; and he does not have to pay a cent of duty; but if the farmer-constituent of my friend who sits before me [Mr. Nelson], or your farmer-constituent, want some hoop iron of pre-

cisely the same width and thickness, and goes to the custom house to get it, the Government makes him pay one cent and a half of duty upon every pound he takes, while it lets the cotton planter take his for nothing.

Gentlemen, is that fair? I appeal to Southern men who sit before me; I appeal to Northern Democrats who sit around me; is that fair upon any principle of justice or fair play? Talk about sectionalism! You raise the question in your bill; you make a sectional issue which I deeply regret, and I am sure you must upon serious reflection.

Why, what in the world, Mr. Chairman, has this bill done for the people anyhow? What has it done for the farmer? It has taken the duty practically off of everything he grows; I will not stop to give the items. It makes free practically every product of the farm, the forest, and mine.

It takes the duty off of wool. What does it give the grower in return? Everything he buys is dutiable.

Now, I shall not tax you further with the details of the bill. I might spend hours in pointing out inconsistencies. I only give these samples so that my honorable and learned friend from Kentucky [Mr. Breckinridge], who replies to me, shall take them up and explain the principle on which these rates are fixed and these duties levied.

Mr. Chairman, there is another thing which I wish to call attention to in connection with this bill, and that is the internal-revenue part of it. It seems to have escaped attention. Now, so far as the abolition of the tax on tobacco is concerned we are all in accord; but this new feature of the bill provides for the repeal of the law which authorizes the destruction of illicit stills when found in unlawful use. Under the present law if you find a man engaged in unlawful distilling, not having paid the tax or secured the license, the officer is authorized to go and destroy the whole outfit. This bill repeals that section of the law and provides that the still shall neither be mutilated nor destroyed, but preserved presumably for future violations of the law. [Laughter and applause.]

And in this bill further provision is made that, in case a man is arrested for illicit distilling, the judge is charged especially with the duty of looking well to his comfort and to his well-being while he is in the custody of the officials of the law. [Laughter on the Republican side.]

Now, Mr. Chairman, there is one leading feature of this bill which, if it stood alone, ought to defeat this entire measure; and that is the introduction of the *ad valorem* system of assess-

ment to take the place of the specific system now generally in force.

It is a system, sir, that has been condemned by all the leading nations of the world. There is not a leading nation that adheres to any considerable extent to the *ad valorem* rates of duty upon articles imported into its borders; and England has abandoned all *ad valorem* duties except one, for the very reason that there can be no honest administration of the revenue laws so long as the value is fixed thousands of miles away from the point of production and impossible of verification at home.

The expectations of cheaper clothes is not sufficient to justify the action of the majority. This is too narrow for a national issue. Nobody, so far as I have learned, has expressed dissatisfaction with the present price of clothing. It is a political objection; it is a party slogan. Certainly nobody is unhappy over the cost of clothing except those who are amply able to pay even a higher price than is now exacted. And besides, if this bill should pass, and the effect would be (as it inevitably must be) to destroy our domestic manufactories, the era of low prices would vanish, and the foreign manufacturer would compel the American consumer to pay higher prices than he has been accustomed to pay under "the robber tariff," so called. Let us examine the matter.

[Mr. McKinley here produced a bundle containing a suit of clothes, which he opened and displayed amid great laughter and applause.]

Come now, will the gentleman from Massachusetts know his own goods? [Renewed laughter.] We recall, Mr. Chairman, that the chairman of the Committee on Ways and Means talked about the laboring man who worked for ten days at a dollar a day, and then went with his ten dollars wages to buy a suit of clothes. It is the old story. It is found in the works of Adam Smith. [Laughter and applause on the Republican side.] It is the old story, I repeat, of the man who gets a dollar a day for his wages, and having worked for the ten days goes to buy his suit of clothes. He believes he can buy it for just $10; but "the robber manufacturers" have been to Congress, and have got 100 per cent. put upon the goods in the shape of a tariff, and the suit of clothes he finds cannot be bought for $10, but he is asked $20 for it, and so he has got to go back to ten days more of sweat; ten days more of toil; ten days more of wear and tear of muscle and brain to earn the $10 to purchase the suit of clothes. Then the chairman gravely asks, Are not ten days entirely annihilated?

Now, a gentleman who read that speech or heard it was so touched by the pathetic story that he looked into it and sent me a suit of clothes identical with that described by the gentleman from Texas [Mr. Mills], and he sends me also the bill for it, and here is the entire suit, "robber tariffs and taxes and all" have been added, and the retail cost is what? Just $10. [Laughter and applause on the Republican side.] So the poor fellow does not have to go back to work ten days more to get that suit of clothes. He takes the suit with him and pays for it just $10. [Applause.]

And now, Mr. Chairman, I never knew of a gentleman engaged in this business who sold his clothes without a profit. [Laughter.] And there is the same $10 suit described by the gentleman from Texas that can be bought in the city of Boston, can be bought in Philadelphia, in New York, in Chicago, in Pittsburgh, anywhere throughout the country at $10 retail, the whole suit: coat, pants, and vest, and 40 per cent. less than it could have been bought in 1860 under your low tariff and low wages of that period. [Great applause.] It is a pity to destroy the sad picture of the gentleman from Texas which was to be used in the campaign, but the truth must be told.

Mr. Chairman, this bill points to the overthrow of the protective system; that is its tendency and mission. It puts no languishing American industry on its feet; it sets in motion no idle spindles; it starts no new fires; it creates no increased demand for labor; if an industry is down it keeps it there, its very breath is paralyzation, it injures what it touches and touches that it may injure. [Great applause.]

William C. P. Breckinridge [Ky.], of the majority of the committee, supported the bill. He replied particularly to the criticisms made against the majority of the committee.

This bill does not pretend to change a system, to set aside the present system and substitute in lieu of it another and different system. It leaves the average rates of duty higher than they were under the Morrill tariff, and it is a protective-tariff bill. The committee did not believe that it was its duty to do more than to propose a moderate reduction of taxation by increasing the free list, reducing certain rates, and removing as far as practicable unnecessary restrictions, and to make an ef-

fort to render the administration of the law more efficient to the protection of honest importers and the detection and prevention of fraud.

While it is true that reduction of rates sometimes produces increased importations, and in certain articles affected by the proposed changes this may occur, it is believed that this bill will enable the home manufacturer of woolen and other textile fabrics to so equally compete with his foreign competitor as to supply the home market with much of what is now supplied by importation, and that this will continue until the foreign goods of certain characters will be entirely driven from our market.

The changes proposed by this bill are designed to give to the farmer, by whom all provisions are raised, a market for his breadstuffs and for raw materials, which is only profitable when he has a prosperous manufacturer for a purchaser; to the laborer, the hope of a constant market; and to the manufacturer, freedom from unnecessary burdens. We have, therefore, put upon the free list, as far as we felt it was just, the materials necessary for the manufacturer. We have reduced the rates, wherever we have touched them, to a point that gives to the home consumer the hope of fair competition whenever a demand may be made by an internal trust to advance the prices beyond a fair consideration for the article to be sold, and yet we have left the rates so that the protection afforded is greater than any necessity, and makes all competition of foreign manufactures upon terms of great advantage to the American manufacturer. We do not believe there is a single instance in the bill where the duty left upon an article is not more than the difference between the cost of production in America and the cost of production abroad, plus the freight.

In the twenty-five years in which the internal-revenue system has been in force certain statutes have been found to admit of an administration which is oppressive and irritating. The committee have thought it wise to repeal so much of these statutes as were not necessary to the proper administration of the system and the collection of the revenue under it. We propose the repeal of special retail licenses, the revenues from which we do not need, which licenses we do not believe to be necessary to the administration of the law and the collection of the remaining revenues, and which are a continual source of oppression and irritation, as is shown by the fact that more than 50 per cent. of all the prosecutions in the Federal courts are for the alleged violation of those provisions of the statute which are proposed to be repealed.

Here Mr. Breckinridge spoke upon the committee's views in regard to the question of repealing the internal tax on alcohol for use in the arts. He said they had concluded that no provision could be framed that would effectually accomplish this and be at the same time just to those who paid taxes on other spirits. After discussing the relation of the tariff to the "trust" question, he said in conclusion:

The boast has been made on this floor that the chairman of the Committee on Ways and Means in the Forty-eighth and Forty-ninth Congresses—that gallant and pure gentleman, brave of heart, clean of life, loyal to friend, frank to foe, with a conscience void of offence and a love for truth that nothing could daunt [William R. Morrison]—has been stricken down because he opposed these "trusts." Greatly as I deplore his defeat and much as I miss his presence, it may be that his defeat, compassed as it was, will be of greater benefit than his presence. His very absence arrests the attention of the Republic, and all the people ask, "Are such elections necessary to the maintenance of this system?" Gentlemen protectionists, I warn you that the vacant seat of Morrison cries louder than the virtues of Duncan "against the deep damnation of his taking off." [Great applause on the Democratic side.]

Mr. Chairman, if one standing here in this hall to-day, and looking into the future, could be able to see what the years would bring us under a system where the untrammeled activities of a free Christian people find fruition, under a climate so salubrious and with a soil so fertile, all burdens to progress thrown aside, all the passions of the past removed, and everyone engaged in a generous and unselfish rivalry to make for and out of the opportunities to which he is called all that is possible, no hand could paint and no orator picture what would be the result.

Slowly will this future come. We have had our backs to it; to-day let us turn our faces to its rising sun. If we can do no more, we can lift our eyes toward this east of new hopes and resolve that from this hour our steps shall be in that direction. [Loud and long-continued applause.]

Thomas B. Reed [Me.], of the minority of the committee, spoke on May 19. He addressed his remarks particularly to Mr. Mills' speech.

People say that these tariff discussions are dull and tiresome, but there are always delightful things in them. I don't know when I have bathed my weary soul in such a reverie of bliss as I did while the Chairman, by the aid of Edward Atkinson, and the great doctrine of labor cost, was explaining that the high wages of our work people were not an obstacle, but the very reason itself why the whole circumambient atmosphere should be flooded with the pauper sunshine of Europe. [Laughter.]

The more you pay the workman the less the "labor cost." The more you give your shoemaker the less the shoes cost. The former, he explained, is the cause of the latter. Less "labor cost" is produced by higher wages. The higher the wages the lower the labor cost. No limitation, of course, was set to so divine a principle. The only limit to lowness of "labor cost" is our generosity to the laboring man. Give infinite dollars to the laboring man and things will cost nothing. [Laughter.] Surely no frantic orator on Labor Day, the session before election, ever offered to the horny-handed sons of toil such a sweet boon as the great doctrine of "labor cost."

But the pleasure given by the great doctrine of "labor cost" is soon lost in the admiration at the cool courage of what follows. Stimulated by the theory of "labor cost," the chairman ordered an investigation into the oldest manufactories in New England. What was the result? Why, constantly increasing wages and constantly decreasing cost; the two very things his side has sneered at since tariff debates were invented, higher wages for the worker and lower prices for the consumer.

What industries did he select? Cotton sheetings and cotton prints; cotton goods, the very articles, and perhaps the only articles, which have had continuous, unbroken, effective protection since 1824. He selects industries which, under all tariffs, have had sixty-four years of solid protection, shows by them higher wages for labor and lower prices for consumers, then boldly wraps the flag of labor cost about him and proclaims to a wondering world that tariff has nothing to do with wages. I wonder what Edward Atkinson thought of his new disciple at that moment.

Oh, no; tariffs have nothing to do with wages. It is coal and steam and machinery. But what set up the machinery? What caused the cotton factory to be built? Why, the tariff. So, then, the tariff built the mill, set up the machinery, the machinery increased the wages, but the tariff did not. Is not that very much like saying your father was your progenitor, but your grandfather wasn't? [Laughter.] How could you

improve machinery you didn't have? How could you increase the efficiency of machinery that didn't exist?

Mr. Chairman, we have now spent twenty days on the discussion of the Mills bill. Have you noticed what has been the most utterly insignificant thing in the discussion? The most utterly insignificant thing in the discussion has been the Mills bill. How do you account for it? I will tell you. If the principles you have enunciated are true, it is an unworthy compromise with Satan. If the principles we have stated are true, it is an unworthy ambuscade, and you know it. You mean this merely for one step. You mean to cut deeper next time. You mean the destruction of the system which now exists. That is your aim and purpose.

John G. Carlisle [Ky.] followed Mr. Reed.

Although the question now presented is purely a practical one, it necessarily involves, to some extent, a discussion of the conflicting theories of taxation which have divided the people of this country ever since the organization of the Government. There is a fundamental and irreconcilable difference of opinion between those who believe that the power of taxation should be used for public purposes only, and that the burdens of taxation should be equally distributed among all the people according to their ability to bear them, and those who believe that it is the right and duty of the Government to promote certain private enterprises and increase the profits of those engaged in them by the imposition of higher rates than are necessary to raise revenue for the proper administration of public affairs; and so long as this difference exists, or at least so long as the policy of the Government is not permanently settled and acquiesced in, these conflicting opinions will continue to embarrass the representatives of the people in their efforts either to increase or reduce taxation.

The opposition to the bill has been directed mainly against that part of it which proposes to repeal or reduce the tax upon certain classes of imported goods; and gentlemen, speaking for the interests which have long ago been relieved of all the burdens imposed upon their industries, earnestly protest that the consumers of their products shall have no relief, or at least that they shall not have the full measure of relief contemplated by this bill.

It seems that our friends on the other side have at last concluded that there ought to be a reduction of the revenue, and

many gentlemen who have spoken in opposition to the pending bill have foreshadowed their policy. Its main feature, in fact about its only feature as regards the tariff, is the total repeal of the duty on sugar and the payment of a bounty to the producers of that article; not to the laborer who tills the soil and converts the cane juice into sugar, but to the capitalist who owns the plantation and the refinery. After all their professions of love for the laboring man, after all their arguments to show that labor receives the benefit of the tariff, after all their harrowing descriptions of the deplorable condition to which our laboring classes would be reduced if the tariff were removed, when they come to put their propositions in the form of practical legislation the mask falls off and the natural features of the system are exposed.

Here Mr. Carlisle spoke at length against the sugar-bounty plan. He then discussed the effect of the present tariff upon the farmer. He said in conclusion:

In revising the tariff let us diminish the cost of production in our agricultural and manufacturing industries, not by diminishing the wages of labor, but by reducing taxation upon the necessaries of life and upon the materials which constitute the basis of our finished products, and by removing, as far as we can, the restrictions which embarrass our people in their efforts to exchange the fruits of their own toil which they do not need for the commodities of other countries which they do need. [Great applause, loud and prolonged.]

The bill was passed on July 21 by a vote of 162 to 149. The Senate, on the same day, referred the bill to the Committee on Finance, which reported a substitute measure on October 2.

Reduction of the Tariff

Senate, October 3-4, 1888

On October 3 John Sherman [O.] explained the Senate bill. The House bill had, he said, been referred by the committee to a subcommittee consisting of four Republicans and three Democrats. The latter advocated the endorsement of the Mills bill, but the former pre-

ferred to frame a substitute, and, being in the majority, had done so. The Republicans were William B. Allison [Ia.], Nelson W. Aldrich [R. I.], John P. Jones [Nev.], and Frank Hiscock [N. Y.].

Referring to the Mills bill Senator Sherman said:

The subcommittee quickly came to the conclusion that the bill sent by the other House was not a sufficient bill to answer the purposes demanded, that it was totally inadequate, that it was not a revision of the tariff law. It was only an amendment of the tariff law. It affected only a portion of the paragraphs or schedules of the tariff law. It did not aim to be a revision of the law nor to provide machinery to carry into execution the law, but cut here and there—I was about to say at random—at the various provisions of existing law. When it came to be examined in detail, there were many incongruities in the bill, provisions that were totally inconsistent with each other, taxes levied on raw materials at a higher rate than on the finished article, and many other incongruities and uncertainties necessarily involved in the framing of the bill owing to the manner in which it was framed, however honest may have been the intention. This bill is also marked in its discriminations. Of the duties modified in the Mills bill to the injury of American production $1,200,000,000 of the competing domestic articles were grown in the North, and I believe it was but $60,000,000 that were grown in the South. So that the Mills bill is a wide and general discrimination, as we think, against Northern industries; while this bill avoids that and makes a fair and impartial reduction of revenues and a fair and impartial classification of the revenues.

Here Senator Sherman gave the details of the Senate bill. This bill prescribed the manner in which all internal and external taxes should be collected, and introduced safeguards against frauds and undervaluations. It provided a reduction of revenues to the extent of about $70,000,000. The duty on sugar was greatly reduced, and the taxes on manufactured tobacco and alcohol for use in the arts entirely removed. Duties on a few other articles, such as copper and nickel, were slightly reduced, and there was also a small addition to the free list. Wool, however, was subjected to a slight increase.

Senator Sherman said in conclusion:

I believe if this bill was taken up free from the party asperities, free from party feelings and prejudices that necessarily attend a presidential election, and if it could be considered on its merits with such amendments as might be proposed and debated and considered and adopted, after full investigation, it could be made the most perfect revenue measure ever placed upon the statute books of the United States.

On October 4 Nelson W. Aldrich [R. I.] presented the detailed report of the majority of the committee. It elaborated the arguments of Senator Sherman. A minority report followed, signed by Isham G. Harris [Tenn.], Zebulon B. Vance [N. C.], and Daniel W. Voorhees [Ind.]. It was concurred in, with modifications of some of the rates proposed, by John R. McPherson [N. J.].

This report said in part:

It is safe to say that all the interests benefited by a high protective tariff have been fully heard and have had much influence in shaping this substitute, while the great body of the people, the taxpayers and victims of this policy, have not appeared and have not been heard.

The essential difference between the House bill and the Senate substitute is apparent and radical at the outset in the matter of revenue. The one is framed in the interest of the public treasury; the other in the interest of private pockets. The one is framed in the interest of the whole people; the other in the interest of a few thousand manufacturers. The one is designed to reduce both government revenue and taxation, the taxation especially which bears heaviest on the necessaries of life; the other is intended to raise public revenue indeed, but to maintain private revenues by increasing and retaining taxation on all the necessaries of life.

Practically, the substitute offers to the people free whisky and free tobacco, leaving all the expensive machinery for the collection of the revenue and enforcement of the law in full force, while it increases taxation upon the actual and indispensable necessaries of life, and this, too, when there is a large surplus in the treasury, and under existing laws that surplus is being increased at the rate of over $10,000,000 per month; thus withdrawing and withholding from the channels of trade, com-

merce, and business of the country money absolutely necessary to their successful operations.

James B. Beck [Ky.], of the minority of the committee, presented a separate report.

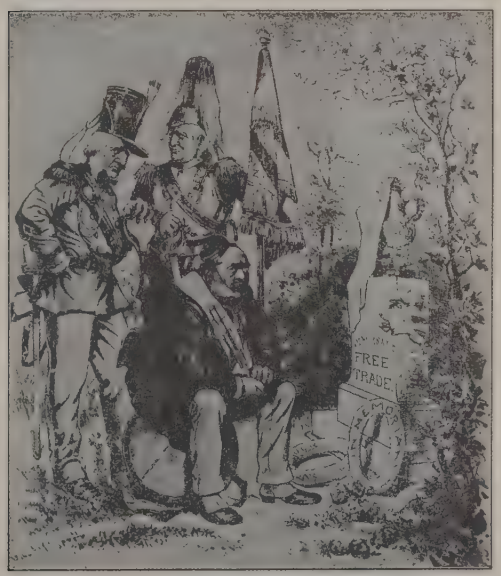
Not having seen the bill proposed by the Republican majority of the Finance Committee of the Senate until within the last few days, I can only enter my protest against the principles presented, and give in a general way the reasons I have for supporting the principles presented by the House bill. That bill is an earnest effort to reduce taxation by diminishing the cost of the raw materials used by American manufacturers, so as to enable them to compete in the markets of the world with their foreign competitors who produce similar goods. It proceeds upon the recognized fact that raw materials are not consumed in that form, but are necessary for the production of commodities to which the industry of the country may be properly applied; and it is an honest effort to reduce the cost to the American consumer of the goods which they must necessarily have, retaining, as far as possible, such taxes as are imposed upon articles which the people may use or not just as they please, and the proceeds of which taxation, less the cost of collection, reach the treasury of the United States. It seeks to promote trade with all the world, to restore and build up our lost commercial marine, and thus exchange commodities with other people upon somewhat fair and equal terms.

The Senate substitute, when carefully examined, will show that in every feature it aims to increase the cost of the goods he needs to the home consumer, and to close the markets of the world against imports and exports as well, except such as are purely agricultural and have to be sold abroad for any price they will bring in free open market with foreign competition. Under it we can have no successful commerce, no return cargoes, indeed, no ships in the foreign trade, and no sailors except such as hover around our coasts protected by the combinations and monopolies in our coastwise trade where all competition is excluded.

The pretence that the Republicans are going to aid chemists, machinists, and others by giving them free alcohol is a sudden conversion, because every report that has been made by the Treasury Department from the time of Secretary Sherman to the present shows that any effort to do that would simply be the breaking down of all barriers against fraud in the collec-

tion of revenue on distilled spirits. It would, however, have the effect, which perhaps is desired by the Republican gentlemen who deny the existence of trusts, of giving the whisky trust of Peoria, Ill., the right to sell their alcohol at any price they please free from all competition at home or abroad.

Here Senator Beck presented a comparison of the principles of the Democratic and Republican parties.



DEMOCRATIC DECORATION

Only a little English grave,
But oh! so dear to them.

Cartoon by Victor Gillam in "Judge"

He spoke in praise of President Cleveland's stand upon the tariff question. In conclusion he said:

If any President ever satisfied the American people that he subordinated private ends to public interests, and had the courage to express his convictions, regardless of personal consequences, President Cleveland in this message, in his veto of the dependent pension bill, and in his enforcement of absolute integrity in the conduct of public officials, high and low, has satisfied them that he is acting with an eye single to the public good. He can say, as the Marquis of Montrose said to those who urged temporizing measures on him as the safest:

He either fears his fate too much,
Or his deserts are small,
Who dares not put it to the touch,
And win or lose it all.

The debate in the Senate repeated the arguments on the general subject of the tariff, which had been presented in the House, and entered extensively into the discussion of the schedules of the Senate bill. Owing to the fact that the presidential campaign was at its height the speakers often lost sight of the particular issue before them and entered into general indictments of the opposing party and eulogies of their own.

The session closed before the bill came to a vote. Republican success in the presidential election of 1888 killed the bill. Senator Benjamin Harrison [Ind.] was elected President.

CHAPTER XIII

The Tariff of 1890
[the mckinley bill]

William McKinley [O.] Introduces in the House a New Revenue Bill—Debate: in Favor, Mr. McKinley, Julius C. Burrows [Mich.], John H. Gear [Ia.], Joseph H. Walker [Mass.], Sereno E. Payne [N. Y.], Daniel Kerr [Ia.], Robert M. La Follette [Wis.], Nelson Dingley [Me.], David B. Henderson [Ia.]; Opposed, Roger Q. Mills [Tex.], Benton McMillin [Tenn.], Roswell P. Flower [N. Y.], Benjamin F. Shively [Ind.], Charles F. Crisp [Ga.], William McAdoo [N. J.], William M. Springer [Ill.], Amos J. Cummings [N. Y.], John M. Allen [Miss.]; Joseph McKenna [Cal.] Opposes Free Sugar; Joseph G. Cannon [Ill.] Opposes Free Works of Art; Mr. McKinley, Henry Cabot Lodge [Mass.], William C. P. Breckinridge [Ky.] Defend Free Works of Art—Bill Is Enacted—Grover Cleveland Is Re-elected President.

ON April 16, 1890, William McKinley [O.] reported from the Committee on Ways and Means the tariff bill which bears his name. It came forward for discussion in the Committee of the Whole on May 7.

The McKinley Tariff Bill

House of Representatives, May 7-21, 1890

Mr. McKinley explained the measure.

In the bill which the Committee on Ways and Means have presented we have not been compelled to abolish the internal-revenue system that we might preserve the protective system, which we were pledged to do in the event the abolition of the one was essential to the preservation of the other. That was unnecessary. [Applause.]

The bill does not amend or modify any part of the internal-revenue taxes applicable to spirits or fermented liquors. It abolishes all the special taxes and licenses, so called, imposed upon the manufacture of tobacco, cigars, and snuff, and dealers

own producers to their own market and prevents them from entering the foreign market, and will furnish every opportunity to those of our citizens desiring it to engage in the foreign trade.

Now, the bill proposes that the American citizens may import any product he desires, manufacture it into the finished article, using in part, if necessary, in such manufacture domestic materials, and when the completed product is entered for export refunds to him within 1 per cent. of all the duty he paid upon his imported materials.

That is, we give to the capital and labor of this country substantially free trade in all foreign materials for use in the markets of the world. We do not require that the product shall be made wholly of the foreign material. Already, under special provisions of laws and regulations of the Treasury Department, the fact that parts of a finished product are made here and attached to the finished article does not deprive the exporter of his drawback.

We have extended this provision and in every way possible liberalized it, so that the domestic and foreign product can be combined and still allow to the exporter 99 per cent. upon the duty he pays upon his foreign material intended for export; which is, in effect, what free-traders and our political opponents are clamoring for, namely, free raw material for the foreign trade. And, if you are desirous of seeing what you can do in the way of entering the foreign market, here is the opportunity for you. [Applause on the Republican side.]

In the same direction we have made, by section 23, manufacturing establishments engaged in smelting or refining metals in the United States bonded warehouses, under such regulations as the Secretary of the Treasury may prescribe, and have provided that metals in any crude form, requiring smelting or refining to make them available in the arts imported into the United States to be smelted or refined and intended for export in a refined state, shall be exempt from the payment of duties. This, it is believed, will encourage smelting and refining of foreign materials in the United States and build up large industries upon the sea coast and elsewhere, which will make an increased demand for the labor of the country.

Here Mr. McKinley discussed the important changes in the rates of duty which the bill proposed. The committee, he said, had recommended increased duties upon glassware, carpets, and tinplate. He continued:

therein, reduces the tax upon manufactured tobacco from 8 to 4 cents per pound, and removes all restrictions now imposed upon the growers of tobacco. With these exceptions the internal-revenue laws are left undisturbed.

From this source we reduce taxation over $10,000,000, and leave with the people this direct tax which has been paid by them upon their own products through a long series of years.

The tariff part of the bill contemplates and proposes a complete revision. It not only changes the rates of duty, but modifies the general provisions of the law relating to the collection of duties.

Here Mr. McKinley went into detailed discussion of several of the modifications. Among these were the following:

1. A repeal of the provision which allows the United States to import any article for its use free of duty.
2. The value of personal effects accompanying the passenger returning from foreign travel to be limited to $500.
3. Foreign merchandise imported into the United States to be stamped with the name of the country in which such articles are manufactured.
4. All articles manufactured in whole or in part in any foreign country by convict labor to be prohibited.

Mr. McKinley continued:

By way of encouraging exportation to other countries and extending our markets, the committee have liberalized the drawbacks given upon articles or products imported from abroad and used in manufactures here for the export trade. Existing law refunds 90 per cent. of the duties collected upon foreign materials made into the finished product at home and exported abroad, while the proposed bill will refund 99 per cent. of said duties, giving to our citizens engaged in this business 9 per cent. additional encouragement, the Government only retaining 1 per cent. for the expense of handling.

We have also extended the drawback provision to apply to all articles imported which may be finished here for use in the foreign market. Heretofore this privilege was limited. This, it is believed, will effectually dispose of the arguments so often made that our tariff on raw materials, so called, confines our

An advanced duty is placed also upon wheat and other agricultural products. Though we are the greatest wheat-producing country of the world, the increased product of other nations during the past few years has served to diminish proportionately the demand for ours; and if we will only reflect on the difference between the cost of labor in producing wheat in the United States and in competing countries we will readily perceive how near we are if we have not quite reached the danger line so far even as our own markets are concerned.

In the further interest of agriculture the committee has recommended an increase of duty in the wool schedule. It is also to be noted that having increased the duties on wools we have also increased the duties on the product—the manufactures of wool—to compensate for the increased duty on the raw product.

Now as to the free list, Mr. Chairman, we have taken from it and placed upon the dutiable list eighteen articles, ten of which are products of agriculture. If these eighteen articles are imported in the same quantities dutiable as now the revenue will be increased in the sum of $2,456,030.14.

We have taken from the dutiable list and placed upon the free list forty-four articles, which last year yielded a duty of $60,936,536, $55,975,610 from sugar alone.

Here the speaker discussed at length the question of foreign trade. He said in conclusion:

If our trade and commerce are increasing and profitable within our own borders, what advantage can come from passing it by, confessedly the best market, that we may reach the poorest by distant seas? In the foreign market the profit is divided between our own citizen and the foreigner, while with the trade and commerce among ourselves the profit is kept in our own family and increases our national wealth and promotes the welfare of the individual citizen. Yet in spite of all the croaking about foreign trade our exports were never so great as they are to-day. We send abroad what is not consumed at home, and we could do no more under any system.

And, if the United States would give the same encouragement to her merchant marine and her steamship lines as is given by other nations, her commerce on the seas under the American flag would increase and multiply. When the United States will expend from her treasury from five to six millions a year, as do France and Great Britain, to maintain their steamship lines,

our ships will plow every sea in successful competition with the ships of the world. [Loud applause on the Republican side.]

Experience has demonstrated that for us and ours and for the present and the future the protective system meets our wants, our conditions, promotes the national design, and will work out our destiny better than any other.

With me this position is a deep conviction, not a theory. I believe in it and thus warmly advocate it because enveloped in it are my country's highest development and greatest prosperity; out of it come the greatest gains to the people, the greatest comforts to the masses, the widest encouragement for manly aspirations, with the largest rewards, dignifying and elevating our citizenship, upon which the safety, and purity, and permanency of our political system depend. [Long continued applause on the Republican side and cries of "Vote!" "Vote!"]

Roger Q. Mills [Tex.], of the Committee on Ways and Means, replied to Mr. McKinley. He dwelt at length on the injustice of putting sugar and hides on the free list and increasing the duties on woolens, cottons, iron and steel. He continued:

Now, I do not believe in protecting hides or anything else against competition. I am for free raw material, and I am for putting a low revenue duty on the finished product that goes to the consumer, for that is the cheapest taxation you can impose upon him. But you increase the duty on wool, and you take camel's hair off the free list and put it upon the dutiable list, and you do that because you say it displaces a certain amount of wool, and you put the duty on to check its importation. You increase the duty on wool in order to develop the shoddy industries of the country, and judging from the price you put upon wool and woolen goods in the judgment of the Republican party to wear a piece of woolen goods is a crime in this country. [Laughter.]

Now the committee are greatly alarmed about our wheat growers. That great industry is imperiled by "a most damaging competition." They have increased the duty on wheat and that great product is safe. How many bushels of wheat are imported into this country? Last year we exported 90,000,000 bushels and imported the inconsiderable amount of 1,946 bushels of wheat. [Laughter and applause.] And that duty has been put on to protect American farmers against the damaging foreign competition.

And what do you suppose that wheat was imported for? It was seed wheat, imported by the wheat grower of the West to improve his seed. And you have made it cost him that much more to improve his agricultural product so that he can raise a better character of wheat and better compete in the markets of the world, where he has to meet all comers in free competition.

We exported 69,000,000 bushels of corn last year and we imported into this country 2,388 bushels, an amount, we are told, that imperils the market of those who raise 2,000,000,000 bushels. [Laughter.]

How much rye did we import last year? Sixteen bushels! [Laughter and applause on the Democratic side.] It could all have been raised on a turnip patch. [Renewed laughter.]

Mr. Chairman, why have we not the prices of 1881? Because we have cut off importation from our European customers, and they have cut off importation from us. Our surplus is increasing with our population, and we have no markets to consume it. What ought we to do?

We should reduce the duties on imports, put all raw materials on the free list, increase our importation four or five hundred millions or more if we could, and thus increase our exports to that extent. That would raise the prices of agricultural products and the aggregate value of our annual crops $1,500,000,000 or $2,000,000,000 per year. That would distribute a large amount of wealth that would be expended in the employment of labor, and thus unbounded prosperity would be brought to the whole country.

Instead of this the committee have prepared a bill increasing taxes, raising duties, restricting importations, shutting in our farm products and decreasing prices. They are going in the opposite direction and struggling to intensify the distress of the country.

My friend from Ohio [Mr. McKinley] is alarmed at the importations from Canada. He showed the rapid increase of imports from Canada during the reciprocity treaty [1854-1856]. But it escaped his mind that exports also increased during that time, and when the treaty expired and imports fell off the exports fell off, too. If his bill shall check imports from Canada, he will also check the exports of many of our people.

Now, Mr. Chairman, my friends on the other side have discovered something new to tell to the manufacturers and to the working people. They say "We propose to give you a drawback on everything, except to the extent of 1 per cent., which

will cover the cost to the Government; we will let you make your importations of materials, and when you send out your manufactured articles you can withdraw from the treasury the duty that you advanced on the materials." That looks all right, but let us see whether it is so or not.

A few months ago, while in the State of Massachusetts, I went into one of the largest manufacturing mills, I suppose, in that old commonwealth; it was located at Lawrence. I saw there a hall larger, I think, than this, containing a large number of mills which had been imported from England. I asked the gentleman in charge what those mills had cost. My recollection is that he said $800 apiece. I asked him what was the life of one of those mills. I think he said eight or nine years. The duty was 45 per cent. on every mill.

HOW WE TREAT OUR GUESTS

Anxious to Trade Behind the Wall of Protection, but Not Willing to Deal with the Rest of the World

Cartoon by D. McCarthy in the "New York Herald"

Now, I want somebody to tell me whether a manufacturer in Massachusetts, if he had everything else free, could import his mills from England, paying 45 per cent. duty, and then manufacture goods in competition with anybody outside of the United States? Do not gentlemen know—of course they do—that in the markets of the world a difference of half a cent on the unit of quantity is sufficient to turn the scales? A man who can offer goods at half a cent less on a pound or a yard or a dozen of anything than his competitor takes the market and holds it. If we import coal we must pay a tax upon it, while the Englishman, the Frenchman, and the German get their coal free. There cannot be any rebate on the coal; the coal is consumed in generating the steam that drives the machinery, and, like the tax on the machinery, cannot be reëxported; and the cost must be charged up to the consumer in the product.

The case is the same with the oil that lubricates the machinery. And thousands of gallons are used in manufacture.

Now, what about this sugar-bounty plan? Why have you started this demoralizing and vicious policy?

You are going to give bounties on steamships, too. My friend from Ohio spoke most eloquently in advocacy of this plan. He said we ought to check importations, obstruct foreign trade; that it is demoralizing our labor; that we ought to build up home markets and home trade; and yet he maintains that we ought to have a bounty on American ships, so as to put our flag on the sea and increase our foreign commerce. [Applause on the Democratic side.] Mr. Chairman, I do not want to bribe anybody to put an old hulk on the ocean. [Laughter.] I do not want to hire anybody to display our flag somewhere in the world. [Applause on the Democratic side.] When that proud emblem of our country goes to the uttermost parts of the earth, on all the seas and among all the nationalities and tongues of the globe, I want to see it riding as free as the air and as fearless as the eagle that nestles in its folds, the symbol of the proudest and the freest people in the world, a people whose liberty and genius and spirit have enabled them to carry their commerce wherever they please. [Applause.]

Mr. Chairman, we promise our friends that we will examine their bill; we will discuss some of its provisions, for they intend to cut off our debate and prevent us from discussing all of them. It needs discussion, and will get whatever we are permitted to give it; and then when we have done that you will pass it. We will content ourselves by giving our votes against it, and, when you leave this House and Senate with this enor-

mous load of guilt upon your heads and appear before the great tribunal for trial, may "the Lord have mercy on your souls." [Great applause and cries of "Vote!" "Vote!" on the Democratic side.]

On May 8 Julius C. Burrows [Mich.], of the Committee on Ways and Means, spoke in favor of the bill. Reversing the famous epigram of President Cleveland in his tariff message of 1887, he said: "It is a theory and not a condition that confronts us."

In addition to the specific criticisms of the various provisions of this measure we shall be confronted with the usual objections to the whole theory upon which it is framed and there will be no end of denunciation of the protective system as a whole, and all the ills flesh is heir to will be charged to this policy.

It will be reasserted with increased emphasis that the imposition of a duty on imports is a tax paid by the consumer and that the effect of such imposition is not only to raise the price of the foreign article, but to advance the price of the domestic article in an equal degree. While this is true of a strictly revenue tariff raised on articles not produced in this country, yet it is not true when the duty is levied on articles the like of which are manufactured at home in sufficient quantities to meet the home demand.

Without entering into particulars I challenge any man to name a single article on which a duty is imposed, under which the production of such article has grown to the extent, or nearly so, of the home demand, that the price of such article, if competition is not interfered with, has not been materially reduced to the consumer. This results from the inexorable law of supply and demand.

Benton McMillin [Tenn.], of the Committee on Ways and Means, replied to Mr. Burrows.

The gentleman began his speech with the announcement that "It is a theory, and not a condition, that confronts us." He seems to be anxious to put himself in antagonism to one of the greatest men of this country, and has done it in that way. I invite him to call in his eloquence and bestow a little of his thought to home affairs. What is the condition there? There are 47,720 farms in Michigan on which are mortgages, and only

43,079 that are not mortgaged. Is that a "condition" or a "theory" that confronts the gentleman at home? [Applause.]

When these words were spoken in reversed order by President Cleveland, they applied to an overflowing treasury obtained by excessive taxation, which he was trying to induce Congress to remedy. But since that the Republican party has come into power. It has diminished the surplus and is proposing to get rid of the balance. This play on President Cleveland's words is probably a delicate and unique way the gentleman from Michigan has of telling the House his party has squandered the "condition" and left the taxpayer nothing but "theory."

It would seem when there is a surplus flowing into the treasury there could be no diversity of opinion as to what should be done; that, when the people are being taxed beyond the needs of economic government, wisdom of statesmanship and purity of patriotism would alike suggest reduction in taxation. That is our condition to-day.

Roswell P. Flower [N. Y.], of the Committee on Ways and Means, discussed minor features of the bill. The bounty principle, he said, if applicable to sugar was equally applicable to tinplate and all other articles more cheaply produced abroad than here. The increased duties on leaf tobacco would tend to drive cigarmakers to Cuba and elsewhere. The tax, he said, was an unwarranted interference of the Government with the tastes, aptitudes, and occupations of the people.

It will throw many persons out of employment and sacrifice large interests to the greed of a few growers of a kind of tobacco that consumers do not desire to purchase, and it is extremely doubtful if it will result in a benefit to even this small class of the people.

Benjamin F. Shively [Ind.] opposed the bill.

In good faith this should be entitled a pension bill. Its only purpose and effect is to pension off its beneficiaries on the rest of the community. The sugar planter is pensioned directly from the public treasury, and the wire, twine, tinplate, and other select industries are armed with the taxing power of the Government to secure domestic monopoly and pension themselves out of the pockets of the people. The pension is not for

wounds received in battle, nor for disability contracted in the line of duty. Nor is it for honorable service rendered in defence of the flag or free institutions. It is a pension to selfishness and greed. It is a pension to the men who reap where others sow and gather where others plant. It is a pension to the men who debauch the ballot and gamble in public trusts. It is a pension to the men who seem to have no possible use for the grandest government on earth except to prostitute it to their individual profit and private gain.

On May 9 John H. Gear [Ia.], of the Committee on Ways and Means, spoke in favor of the bill. He discussed in particular the bounty principle, which, he said, was not a new one, for bounties had been given by many of our States to develop various industries. He pointed out that many of the great sugar-producing countries of the world, such as France and Germany, had used to great advantage the bounty system. He continued:

Sir, I do not see why the American people should not be encouraged by the same means which has accomplished such great results in other countries. If we can do this, it seems to me that we shall have conferred a great blessing on the agricultural interests of the United States—an industry which we all know to-day is in a languishing condition—by opening to them a new avenue of production which will be more certain and more remunerative than the raising of some other products. In addition, when you stimulate the beet industry you at once cause the erection of sugar factories in every hamlet which produces beets.

Charles F. Crisp [La.] opposed the bill. In speaking upon the general results of a protective policy he said:

Our Republican friends point to the fact that in the past twenty-five years there has been a great reduction in the price of manufactured articles, and claim all this as due to the present protective system. They forget that something is due to science and art and invention.

Why, sir, twenty-five years ago one man perhaps was engaged all day in making a pair of shoes; the pay that he received for that pair of shoes had to include a sufficient sum for labor to support him, and, therefore, necessarily, the price of shoes was considerable. Now a machine has been invented

which, with the aid of two or three men, will make 100 pairs or perhaps 200 pairs of shoes in a day. Under such circumstances ought not the price of shoes to be reduced?

Joseph H. Walker [Mass.].—I want to ask the gentleman whether those machines were invented by mechanics or by farmers, and whether it is not the fact that every machine which is used for making boots and shoes was invented in this country.

Mr. Crisp.—It is altogether absurd to claim what my friend here claims for protection. He claims every invention that is made. Why, sir, the stimulus to invention is the protection provided in the patent law for the inventor.

Sereno E. Payne [N. Y.], of the Committee on Ways and Means, at the close of a long speech, replied to Mr. Crisp.

The gentleman from Georgia asks, Do we claim that the protective system has had anything to do with invention? Why, Mr. Chairman, "necessity is the mother of invention," and when you create the necessity here for the supply of our wants by the manufacture of our hands you stimulate the inventive genius of the country. Take away protection, take away the chance to manufacture the article invented, and what incentive is there for men to spend their brains, their time, and their talents in invention if the seventeen-year patent right is not to inure to their benefit? because they are defenceless without a protective system and cannot manufacture profitably the articles which they invent.

Daniel Kerr [Ia.] supported the bill, though he objected to the bounty plan.

If we pay a bounty on sugar to the amount of 2 cents a pound it will cost in the beginning $9,000,000 a year, and if successful it will cost the nation every year $66,000,000, and at the end of fifteen years, if the policy proposed in one section of this bill was adopted, it would cost this nation $100,000,000 a year. I protest, in the name of other American industries, against this policy of taxing one American industry for the benefit of another American industry [applause on the Democratic side] when they are both subjected to local taxation and to all the charges incident to our institutions.

On May 10 William McAdoo [N. J.] opposed the bill. He dwelt especially on the question of labor.

The present bill and the attitude of the majority form a step backward in civilization, and an attempt to outwit the laws of nature and to evade the rules of common honesty.

When under unreasonable restrictions, made to prohibit the landing of foreign products on the quays of New York, you force the human stream of the unemployed of other lands to join the multitude competing for the right to work in our own, and bring to our shores the powerful foreign syndicates now rapidly purchasing and controlling the very industries which you have unduly protected, how are you protecting American labor? If you desire absolute isolation, the logic of this bill leads to prohibition of immigration and stringent laws against the investment of foreign capital; then behind these barricades against the universe, these fortifications against human intercourse, paternal and class government will undoubtedly prevail, and, having made your country a huge jail to imprison commerce and foreign intercourse, boast of freedom if you will.

If the foreigner cannot compete under reasonable terms in the open market, he will of necessity bring his capital within the shelter of the prohibitive law—but still open to the labor of the world—control your industries, and drain our land of the profits of the toil of our people to benefit himself and his own country. If you dam the water at one point, allowing no egress, it must of necessity overflow your dam or force a vent in some other way.

Is it any wonder, therefore, that your railroad and steamship stations cannot accommodate the throng of immigrants, and that the English newspapers bristle with the advertisements of syndicates to purchase American industries or to control American land and interests?

Why did you and the manufacturers, at least some of them, retreat from a demand for the reduction of wool duties and actually propose an increase? The true history of this movement reveals the inherent viciousness of your present policy. Wool was considered as ripe for shearing on the tariff list, but wool was well organized, and its organizers stood up and said to you, "Men and brethren, in the day that puts the knife of tariff reduction on wool, in that day we demand free cloth and many other such things. Nay, more, we demand forthwith an increase." No consideration of the merits of an item standing

by itself, but a confraternity of extreme selfishness and rapacity, is the existing order.

I warn the blinded selfishness that urges these abuses of legislation. If wealth can increase its gains by law, are you not preaching "bloody instructions" to want to prostitute the same enginery to undo wealth? If wealth by such laws can reap undue advantage and close out competition, what answer will you make to want, which has the most votes, when it demands paternal government at first hands and for itself? You close out competition by law and form a trust to regulate domestic consumption, and then profess surprise at the radical demands coming every day from organizations, more or less socialistic in principle, asking that government itself shall enter into active competition with these Frankensteins it has created, and which, under the present policy, have become more powerful than their creator.

Robert M. La Follette [Wis.], of the Committee on Ways and Means, supported the bill. He contrasted it with the Mills bill, and then continued:

Mr. Chairman, I maintain that the question of labor should be the prime consideration in all revisions of our tariff system.

No article can be found upon the dutiable list in the bill under consideration which is not in whole or in part the product of labor, and we have endeavored to make it dutiable in proportion to the labor in it. The material upon which the labor is wrought has no value except as it is capable of being wrought. If you would find the real raw material of which it is composed go to the standing tree in the forest, worth no more in its place than the shade it affords; to the ore lying deep in the earth, worth no more in its bed than the rocks and dirt which cover it. When did it cease to be raw material? When the hand of labor was first placed upon it. Then, when it was turned out finished for the market, a thing of value, what was there in it which made it valuable? Why, the labor in it. And when shipped to the United States to compete with a like article produced here, and we met it at the custom house with a protective tariff, what was that tariff on? Why, it was on the valuable part of that article, the labor in it. And what was protected by that duty? Why, the valuable part of the domestic article which the foreign came to crowd out, the labor in it. [Applause.]

Mr. Chairman, it is to protect the labor of this country in

the field and in the factory, to maintain existing occupations, to acquire other new and useful ones where possible, to hold certain the advantages of our country, that we have guarded the American industrial system as we would the very liberties of our people in this Republican bill. It is to preserve the markets of this country to our own producers that we have kept the duties like a breastwork, high enough at every point to protect the man who is busy adding to the sum of its wealth from assault from any foreign source. Whenever foreign products the like of which we can supply our own people with have been taking the market from us, there we have raised the barrier to the protective point, and we have no apology to make for it. We believe that in so doing we have responded to a patriotic duty. [Applause on the Republican side.]

Here Mr. La Follette discussed the world-wide depression in agriculture. The sharp decline in prices, he said, was due to overproduction in India, Russia, the United States, and other countries. In conclusion he said:

This Republican bill not only seeks to give the farmers of this country a much larger body of consumers for their products right here at home, by multiplying the factories, adding to the millions engaged in mining and manufacturing pursuits, but it also proposes, in direct opposition to the Democratic plan, to encourage the development of the largest diversity of production upon the farm; to add millions on millions of acres to the production of barley and flax and hemp and tobacco and hops and vegetables and fruits and fibers, and to seed down to pasture vast areas now cropped in corn and wheat, for the 60,000,000 additional sheep required in this country to produce all our own wool. [Applause on the Republican side.]

Mr. Chairman, as I listened to the distinguished gentleman [Mr. Mills] there passed before me a comparison of the two economic systems, the one gathering the whole world into one family, leveling up and leveling down till all the nations of every race and grade tread at the same pace, work at the same bench, eat at the same board, take from toil the same meager returns, share and share alike; the other gathering this nation unto itself as one family beneath the protecting arm of the Government, holding sacredly for us our higher advantages, yielding nothing we have except our labor be made whole and the exchange even, giving to our workers—and they are all workers—a better and a better chance, a larger and larger share

of profit and longer hours of leisure, opening the way to every citizen for the highest American achievement and to the nation the grandest possible development and destiny. [Loud and long-continued applause on the Republican side.]

William M. Springer [Ill.] opposed the bill. Speaking of the proposition to allow drawbacks on raw material, he said:

The gentleman from Ohio [Mr. McKinley], in reference to drawbacks on imported merchandise, said the reduction of the amount retained by the Government from 10 per cent. to only 1 per cent. would enable the manufacturers of the country practically to have the benefit of free raw material, or within 1 per cent. of it. He contended that with this advantage raw material of every kind could be imported, converted into a finished product, and then exported. The duty paid on the raw material in such exports would then be refunded within 1 per cent.

I asked at the time if this would apply to wool. He said it would, that it would apply to everything. But will any one tell me how the imported wool in a finished piece of cloth can be traced and identified so as to permit a drawback to the amount of the duties paid on its importation? It is imported in the grease; it is then washed, then scoured. It has shrunk by these processes from 33 to 60 per cent. It is then put into the mill, carded, spun, and woven. It loses at least 25 per cent. in these processes, and when it has reached the finished product thus reduced in quantity it is found to be mixed with native wool, with shoddy and other adulterants.

How is anybody to determine what amount of drawback is to be allowed? It would be impossible, or, at least, utterly impracticable. As of wool, so of nearly all other articles which are known as raw material. How is iron-ore to be traced into a pocket-knife or a chain? Can an American tobacconist import Havana tobacco and Sumatra wrappers, manufacture them into cigars, ship them to Canada, and get a drawback of all the duties, save 1 per cent.? If so, the Canadian will be able to smoke a pure Havana cigar while our own people will have to smoke clay pipes.

If there were any virtue in the drawback provision, if it would really accomplish what the gentleman claims for it, its highest virtue should condemn it in the estimation of every American citizen. It will no doubt prove successful in some

cases, but the effect would simply be to enable our manufacturers to sell their goods to foreigners at from 25 to 50 per cent. cheaper than they could afford to sell them to our own

THE TRUE INWARDNESS OF THE "HOME MARKET"

It Costs Money to be a McKinleyized American, but it is Fine for the Foreigner

Cartoon by Dalrymple in "Puck"

people, for when selling to the foreigner the manufacturer would get a portion of his price from the United States Treasury and could sell to his foreign customer for that much less.

Nelson Dingley [Me.] supported the bill. He spoke chiefly on the question of wool.

Mr. Chairman, the wool and woolen-goods schedule has received the severest criticism of the gentleman from Texas [Mr. Mills] and the gentleman from Illinois [Mr. Springer].

The main difference between the woolen schedule of the pending bill and the bill reported by Mr. Mills in the last Congress lies in the fact that his bill abolished the duty on wool and consequently the specific compensatory duty on the cloth intended to be the equivalent of the duty on the wool of which

it is made, but left an *ad valorem* duty of 40 per cent. to protect the manufacturer. The manufacturer was protected, but the farmer abandoned to the unrestrained competition of South America and Australia. The gentleman from Texas was able to say that he had reduced the "tax" on woolen cloth, but all the reduction was at the expense of the wool-grower. [Cries of "That's so!"]

In order to understand clearly the difference between this bill and the Mills bill as to the woolen schedule, it must be borne in mind that in any tariff which proposes to protect the wool-grower, as well as the wool-manufacturer, against the competition of a foreign country which has free wool it is necessary to impose upon imported woolen cloth a double or compound duty. First, a sufficient specific duty equivalent to the duty which would be paid upon the wool if imported, which goes to the wool-grower; for the farmer can not get the benefit of the protective duty on his wool unless the domestic manufacturer is able to buy it and make his goods in competition with the foreigner. And, secondly, a sufficient *ad valorem* protective duty for the manufacturer to cover the difference in cost of manufacture between this country and Europe.

The two duties added together make an apparent large equivalent *ad valorem* of duty, not, however, represented in the price at which common goods are sold, simply because the wool-growers' duty and the manufacturers' duty come together.

The Mills bill did not propose to reduce the manufacturers' duty, although, in making one uniform duty of 40 per cent. for manufactures of wool, it gave more than is necessary for coarse, unfinished goods like blankets and flannels, and less than is necessary for fine finished cloths and dress goods. In this bill, while the average protective duty for the manufacturer is about the same as the Mills bill provided, yet the duty is distributed according to the proportion of labor in different kinds of goods, and is therefore better adapted to the situation of this industry.

The practical difference, therefore, between the woolen schedule of the pending bill and of the Mills bill is that this bill gives the farmer the same protection on his wool that it gives the manufacturer in making his cloth, while the Mills bill entirely wipes out the farmer's part of the duty and preserves the manufacturer's part intact.

For myself, Mr. Chairman, and speaking, as I believe, the sentiments of this side of the House, I favor this bill because I know that it will increase the home market for American

manufactures and products of the farm; will increase our importations of articles which we do not produce here and thus enlarge our foreign trade; will largely add to the opportunities and wages of labor, and will promote the prosperity of the people of the United States. [Applause.]

Amos J. Cummings [N. Y.] spoke against the bill.

Mr. Chairman, from its organization down this Congress has been a raging sea of ravenous legislation. Its rules are a complex battery trained on the treasury. The friends of the people have only a moment to cry out before they are swept overboard to make their moans to the winds and the waves. It is not the voice of the people. It is an instrument of tyranny. This proposed tariff bill is only a lever in its complicated machinery.

There is hardly a beneficent interest or industry in the country that this bill does not assail. It robs labor under the guise of friendship. It laps dry rivulets of toil which it pretends to replenish. Its abominations are almost countless.

Here Mr. Cummings dwelt particularly on the question of our foreign commerce. In conclusion he said:

Commerce is the life of all nations. A nation without it is, like ore in a mine, dead. Abram S. Hewitt was pleased to call it "the angel of civilization," and so it is. It takes charge of the interests, the movements, the thoughts, and the intercourse of all mankind. New York is a child of commerce. Great as she is, she is only an epitome of its work. This bill strikes at her as though she was a viper, an unclean reptile, such as Paul shook from his finger. On behalf of her toiling millions, often dependent upon commerce for food, fuel, clothing, and the necessaries of life, I protest against the passage of this bill.

[Prolonged applause on the Democratic side.]

Joseph H. Walker [Mass.] supported the bill as in the interest of the small manufacturers as opposed to the large, who would use free trade to force them out of business and thus establish monopolies.

These rich, greedy, and unscrupulous free-trade manufacturers who (and their fathers before them) made every dollar of their present fortunes under protection, and now are willing to see their young, enterprising, energetic, and courageous com-

petitors of small capital ruined, that they may gobble up their factories to increase their fortunes, would coin money out of the sufferings of their fellow-men.

On the other hand, these smaller manufacturers, in patriotic love of country and a fellow-feeling for the men at the loom and work-bench, some of whom are their fathers, brothers, and cousins, and all of whom were so recently their companions as wage-earners, are fighting a hard battle with greedy importers and traders, whose profits at the expense of their customers are from twice or four times as much on many imported goods as on better goods of the same kind which are sold at the same prices to the consumer.

David B. Henderson [Ia.] supported the bill. He spoke particularly upon the question of trusts.

Trusts have only been born and become able to walk during the last four or five years under Mr. Cleveland's administration. How does it come that the ninety-five years when there were no trusts and when there was constant protection are lost sight of? Does any intelligent person wish to be understood as believing that the tariff creates the trusts?

If any facts could be presented to support this theory, then would come this question:

Where do you get the four leading trusts of this country—the Standard Oil trust, the cotton-seed trust, the anthracite-coal trust, and the whisky trust, the greatest and most powerful in the country? Have they any parent? Are these four great Democratic trusts bastards? [Laughter and applause.]

It will not do to bring up and maintain such a doctrine on the floor of the House of Representatives. The tariff has created no trusts. But I will tell you what is true, Mr. Chairman. Strike down protection, leave the industries of this country to grapple unprotected against the cheap labor from abroad, and the combinations and trusts that now control every industry in Europe, reaching with strong arm into the tea and the coffee and the sugar industries of every country, yes, and reaching out to control the markets of this country—strike down that protective barrier and what must be the result? The industries of this country will be forced into combinations and trusts in order to save their very life. Protection is a great panacea for the very evils of which you complain, and it will do much to solve the question of destroying the trusts and combinations. [Applause.]

Joseph McKenna [Cal.] opposed putting sugar on the free list, saying this was a blow to the principle of protection and a repudiation of Republican declarations.

Mr. Chairman, we can not make sugar the scapegoat of the surplus without involving the protective system itself; and, believe me, sir, we have struck it a harder blow than any tariff-reformer or free-trader has ever struck or can strike, unless he strike on our principles; and, sir, will it not be odd if future Democratic Congresses shall quote a Republican Congress and put wool on the free-list on protection principles? [Laughter and applause on the Democratic side.]

I think the Committee on Ways and Means has made a mistake. It appears to have acted under the influence of a scare about the surplus, and has cast to the pursuit of the tariff reformer the most precious thing we have, as the Russian woman tossed her children to the pursuing wolves.

On May 20 John M. Allen [Miss.] opposed the bill. In the conclusion of his speech he said:

I have noticed through this whole debate the representatives of the "jute-bagging trust," that has been preying on our cotton-planters for a few years back, sitting in the galleries watching the McKinley bill, in which they have so much interest and which is to be passed without our having an opportunity to vote an amendment to put jute bagging on the free-list. Our cotton-planters ought to feel very grateful to the Republican party for increasing the duty or tax on cotton-ties from 35 per cent. to 115 per cent. This certainly ought to earn for the Republican party the everlasting gratitude of the colored Republicans of the South. This is one of the greatest outrages of this outrageous measure.

I had hoped that I might have an opportunity before the final vote was taken to offer as an amendment to this bill a bill I have prepared providing for an income and succession tax. I wanted to make some of these great fortunes pay some of the taxes, bear some of the burdens of the Government. I made application to the Chairman of the Committee of the Whole several days ago to get recognition for the purpose of offering such an amendment. I did want a vote on it so as to let the people see where the members of this House stand. But it is very evident the Ways and Means Committee do not mean to

let us vote on that, or but very few other amendments. Never mind, gentlemen, the income tax will come.

Now, Mr. Chairman, I must close; but before doing so I had promised to give some word of consolation to the representatives of the combinations, trusts, and struggling infant industries, who are watching this debate with so much interest from the galleries, and as I have discussed this bill in poetry and prose I will now close the discussion in song, which is really my strong suit. This is for the struggling infants.

SEVERAL MEMBERS.—Sing, sing!

MR. ALLEN, of Mississippi.—It is—— (Singing)

Rock-a-bye, babies, you are on top,
When the fat fries the cradle will rock;
When the fat stops the cradle will fall,
And down come Republicans, babies and all.
Rock-a-bye, rock-a-bye; nothing to fear;
Rock-a-bye, rock-a-bye, the G. O. P.'s here.

[Great laughter.]

Joseph G. Cannon [Ill.] moved to retain the existing duties upon works of art, which the bill placed on the free list.

I believe, Mr. Chairman, that the law had better stand as it is touching these productions. They are luxuries. They go to the few, and the policy of the Republican party, as outlined in its platforms and illustrated by its practice heretofore, requires that they shall be upon the dutiable list. I offer this amendment at the request, I believe, of the majority of the members of this side of the House, and I hope it will be promptly adopted.

Mr. McKinley opposed the amendment.

I should regret very much if this provision of the bill were stricken out by the Committee of the Whole. It has been asked for by substantially all the artists of the United States. A committee of the Union League Club of the city of New York two years ago sent inquiries to every artist in the United States whose address could be found, in order to obtain an expression as to the desire of members of the profession touching the question whether works of art should be dutiable or should be admitted free.

There were 1,435 replies received from artists in the United States, and out of that entire number 1,345 petitioned the Congress of the United States to remove this onerous duty upon art which is for educational purposes. And I want to simply read to the committee what the artists themselves have said upon the subject.

JOSEPH H. WALKER [Mass.].—They are the workingmen.

MR. McKINLEY.—They say:

We, as American artists, proud of our country, confident of its future, and jealous of its honor and credit, are opposed to all special privileges and discrimination in our behalf. We ask no protection, deeming it worse than useless. Art is a universal republic, of which all artists are citizens whatever be their country or clime. All that we ask is that there should be a free field and no favor, and the prize adjudged to the best.

[Applause on the Democratic side.]

HENRY CABOT LODGE [Mass.].—An impost is either a tax, pure and simple, for the purpose of raising revenue only, or is a duty imposed to protect home industries. In the nature of the case this duty must belong to the former class. It is not a protective duty, for no one, of course, pretends for a moment that you can create artistic genius by a protective tariff. The artists of America, who are the producers in this case, desire free art and they desire it in the interest of art alone.

I say let us encourage the importation of works of art in the interests of the people, for it is really and in the end in their interest, and in theirs alone. All the greatest works of art in the world to-day belong to the people, and are gathered in the galleries and museums, which are open to mankind, and which give pleasure and instruction to all alike, to gentle and simple, to rich and poor. The rich man buys them, it is true, but in the end the people own them, and the ownership of the people is perpetual.

Let us encourage the importation of all that is best in painting and sculpture, and not, by degrading them to the rank of a luxury, put a tax upon education and popular pleasure and instruction. Let us leave them free, too, for the sake of our artists and for the benefit and development of American art. [Applause.]

Our own artists are now forced to go to Europe, where schools of art are thrown open to them, owing largely to the fact that we put a burden of this character upon art here and keep pictures and sculpture out of the country, drying up the springs from which the museums and galleries are fed.

WILLIAM H. H. COWLES [N. C.].—How about the copyright bill? We want free knowledge as well as free art.

MR. LODGE.—It stands on exactly the same principle as the copyright bill. Universal copyright, which places all writers on the same footing, is free copyright. I would make art and literature free, and every artist and every literary man asks for the same thing. They ask justice and a fair field, nothing more and nothing less.

MR. CANNON.—The gentleman from Ohio says the artists in this country are not demanding protection. I do not vote for this bill as a matter of protection for the artist. I vote for it in harmony with the platform of my own party, recognizing that these works of art are luxuries and therefore, in the language of the platform, the men who buy them in this country to the extent of a round million of dollars every year can afford to pay 30 per cent. *ad valorem* upon them. [Applause.] That is the reason I propose the amendment.

Now, a further word about this matter. For schools of art, for art purposes, and for institutions of education, under the law now and in this bill, these works come in free for that purpose, and there is the education of the people to which reference has been so strongly made.

Another thing: over on the other side, in Italy, the sculptor who does the mechanical work and carves out the slab of marble works cheap. It is not done by the artist who conceives the sculpture himself; and therefore I can readily understand how parties of great wealth in this country, who are able to buy these works of art when they do come over, and how people of this country who desire to avail themselves of that kind of labor on the other side, can go to the marble quarries there and make this statuary out of cheap marble, utilizing the cheap labor for that purpose.

I think this provision should be stricken from the bill, and I ask a vote upon the amendment. [Cries of "Vote!" "Vote!"]

WILLIAM C. P. BRECKINRIDGE [Ky.].—Mr. Chairman, extremes meet. The artist is indeed the highest form of skilled labor. You cannot think of a man having higher art and more skill than he; and with the eye and intellect of genius and the hand of skill he produces a great picture; and therefore he is in favor of free trade, and the more you get of skilled labor the less protection you will need for anything. [Applause on the Democratic side.]

I am in favor of the provision of the bill because it is a step in the right direction. I am in favor of it because it is becom-

ing in a great and imperial republic to open her doors as she does her heart to works of genius of the past or of the present.

When, Mr. Speaker, the French found we were excluding her works of art it touched her heart, because she loved her art next to glory; so she sought to hurt our feelings. When she saw we had stabbed her art she undertook to hurt us in our most sensitive part; and so she excluded the American hog. [Laughter and applause and cries of "Vote!" "Vote!"]

The amendment was defeated by a non-partisan vote of 54 ayes and 77 nays.

The bill was passed on May 21 by a strictly partisan vote of 164 to 142.

The Senate referred the bill to the Committee on Finance, which, on June 17, reported it back with amendments. It came up for discussion on July 7, and was debated almost to the exclusion of other matters until September 10, when it was passed by a vote of 40 to 29.

Almost every Senator spoke upon the bill, many of the speeches being able, and several of unusual brilliance, but, as their arguments were necessarily repetitions of those in the preceding House debate, they are not presented here.

The House refused to concur in the Senate amendments, and a conference was appointed. After considerable debate the report of the conference was agreed to on October 1, 1890, and approved by President Harrison on the same day.

In the presidential election of 1892 the tariff was the chief issue, and upon it Grover Cleveland was elected to a second term of office.

CHAPTER XIV

The Tariff of 1894

[THE WILSON BILL]

William L. Wilson [W. Va.] Introduces New Tariff Bill in the House—Debate: in Favor, Mr. Wilson, Tom L. Johnson [O.], William C. P. Breckinridge [Ky.], Jerry Simpson [Kan.], W. Bourke Cockran [N. Y.], William J. Bryan [Neb.], Charles F. Crisp [Ga.]; Opposed, Julius C. Burrows [Mich.], John Dalzell [Pa.], Joseph G. Cannon [Ill.], Thaddeus B. Mahon [Pa.], Nelson Dingley [Me.], Sereno E. Payne [N. Y.], Joseph H. Walker [Mass.], Charles A. Boutelle [Me.], Thomas B. Reed [Me.]—Bill Is Passed—Senate Amends Bill in Direction of Protection and Passes It—Mr. Reed Taunts Democratic Representatives—After Futile Joint Conferences House Accepts Senate Amendments—Debate: Mr. Wilson, Mr. Reed, Lafe Pence [Col.]—Bill Becomes Law Without Signature of the President.

ON December 19, 1893, William L. Wilson [W. Va.], chairman of the Committee on Ways and Means, introduced in the House a bill of the majority of the committee revising the tariff. On December 21 Thomas B. Reed [Me.] presented the minority report on the bill. On January 8, 1894, the bill came up for discussion in the Committee of the Whole.

The Wilson Tariff Bill

House of Representatives, January 8-February 1, 1894

Mr. Wilson supported the bill in a speech consuming the greater part of two days (January 8-9).

The majority members of the Committee of Ways and Means have had to deal with a system that has grown up through thirty years of progressive legislation. They do not profess that they have been able, at one stroke of reform, to free it from injustice or to prepare a bill directly responsive

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to the command of the people. They have dealt as intelligently and as fairly as they could with existing conditions. Even in their desire and purpose to do this they have been hampered

CAUSE FOR WORRY

The Discharged Nurse (peevishly)—Dear me! It grieves me to death to see how that child's wasting away since they changed its food.

Cartoon by J. S. Pughe in "Puck"

by the usual difficulties of reform and by some very unusual difficulties. We knew and expected that some friends would fall away from us whenever we presented any definite measure of legislation. We knew from all experience of the past that not all who march bravely in the parade are found in line when the musketry begins to rattle. [Applause.]

But in addition to this usual and expected embarrassment we are called upon to take up this work in the shadow and depression of a great commercial crisis. I shall pursue no inquiry into the causes of our present stricken industries and paralyzed trade. But, sir, from whatever causes originated, whether produced and fostered, or merely aggravated and intensified, by bad legislation, it is to us a hindrance in the performance of our duty, if for no other reason than that it has been eagerly seized upon by the enemies of tariff reform to kindle hostility against that movement. Yet, Mr. Chairman, if there ever was a time when the burden of taxation ought to be lightened it is when men are struggling for the necessaries of life. [Applause.] If there ever was a time when the fetters of trade should be loosened it is when trade is held in the paralysis of a commercial crisis. [Applause.]

Again, Mr. Chairman, we undertake to relieve the people of taxes at a time when government revenues are falling behind government expenditures, and when we must daily scrape the bottom of the barrel to gather meal enough to make our daily bread.

We begin our task by an effort to free from taxation those things on which the industrial prosperity and growth of our country so largely depend.

Of all the reductions made in this bill there are none in their benefit to the consumer, none in their benefit to the laborer that can be compared with the removal of the taxes from the materials of industry. We have felt that we could not begin a thorough reform of the existing system, built up, story by story, until it has pierced the clouds, except by a removal of all taxation on the great materials that lie at the basis of modern industry, and so the bill proposes to put on the free list wool, iron ore, coal, and lumber. [Applause on the Democratic side.]

Sir, I have no doubt, speaking in the light of experience, that, with wool on the free list and moderate duties on finished products, we shall have such a growth of manufacturing in this country as will steady and improve the market for American wool, and greatly cheapen the cost of woolen goods to the American people.

Now, Mr. Chairman, if there is any one great industry as to which we could throw down to-day our tariff walls and defy the world's competition, it is the great iron and steel industry of this country.

We have found along the Appalachian Ranges of the South,

around the Great Lakes of the North, deposits of iron ore, so rich, so easily worked, so accessible to other materials, and so convenient to our cheapest systems of transportation, that we can now mine the ore and make the pig at less cost than anywhere else in the world.

Sir, there has been no more oppressive monopoly in this country than that of the makers of steel rails. [Applause.] Under a tariff which gave them first $28, then $17, and now $13.44 a ton protection, the rolling mills have combined to keep up prices to the people of this country far beyond the cost of production, and now, when we have reached a point where we shall soon be able to make steel rails as cheaply as they can be made in any country, they are raising their angry outcry against a bill carrying a duty of 25 per cent. on steel rails.

TOM L. JOHNSON [O.].—Will you tell us why you still give them 25 per cent. protection?

MR. WILSON.—A maker of steel rails asks me why we leave this duty at 25 per cent. I suppose the best answer I could give is that we could not well make it less according to the general scale of duties in the iron and steel schedule.

So as to coal. There is now a duty of 75 cents a ton on bituminous coal—a duty which is in excess of the entire cost of production, either in the United States or elsewhere.

We are not only the great iron-producing country, we are the great coal-producing country of the world. With exhaustless supplies, so close to the surface that the cost of mining has been reduced to a minimum, to less than is possible in Nova Scotia, to less than is actually paid in England, the question of a tariff on coal is neither a question of protection nor a question of revenue, but simply a question of subsidy to the great railroad corporations of the country. [Applause on the Democratic side.]

We are exporters of coal for sale in neutral markets. We have a steadily and of late years a rapidly growing export trade, and retain this duty only to hold onto markets so remote from the coal mines that railroad transportation is their chief item in the cost of fuel.

As to lumber, another article put on the free list, I need say but a few words. Logs, as everyone knows, have been free for years. Under the existing tariff we are denuding our forests and rapidly destroying the most valuable part of our timber. It is not contended that the cost of lumbering in this country is materially higher than in the countries from which we might import such products. Along the Canadian border the

work is largely done by the same labor on both sides of the line and I presume at practically the same rates. Here, again, we are a large exporter. Our export of dressed and finished lumber is one of the growing, as it is to-day one of the largest, items in our export trade. If we can send our lumber to Europe, to the West Indies, to South America, we can certainly compete, we can certainly hold our home market without the aid of a tariff.

Mr. Chairman, the question of wages is, in my judgment, the vital question of tariff reform. If protection makes or increases wages, if it improves the well-being of the American worker, I am a protectionist from this time forward. But, sir, neither reason nor experience gives countenance to any such idea. The wages of labor are paid from the products of labor. The general productiveness of every country determines the wages of the laboring people of that country. The skill and intelligence of its labor, the character of its institutions, and the abundance of its resources determine that general productiveness. We have higher wages in the United States than are attainable elsewhere, first, because we are a great, new country with all the elements of production and of industrial supremacy in unsurpassed abundance, for whose development we command all the resources of art and skill, of science and invention; and, secondly, because we have the most intelligent and the freest laboring men in all the world.

Mr. Chairman, while this bill will, at first, effect some reduction, some substantial reduction of revenue, the experience of the past justifies us in believing that this reduction will soon be compensated for by an increase of revenue under the lower duties.

The Committee on Ways and Means expect to follow this bill with an internal-revenue bill that will provide for the temporary deficiency in the revenue, or with an amendment to the present bill making such provision. Their plan contemplates an income tax of 2 per cent. on the net earnings of the corporations of the country, a tax of 2 per cent. on personal incomes in excess of $4,000, an internal-revenue tax of $1.50 a thousand in place of the present tax of 50 cents on cigarettes; and also an internal-revenue tax of 2 cents a pack on playing cards, and an increase of 10 cents a gallon on whisky.

Now, Mr. Chairman, in closing these remarks I want to say that if the economic objections to protection are so great, if it unbalances trade, if it causes fluctuations and gross inequalities in the industries of the country, if it robs labor of employment,

if it lessens the wages of the toiler, if it throws crushing burdens upon the American farmer, if it makes the support of government an onerous burden upon every man or woman who works for a living, a still stronger condemnation of the protective system is that its inevitable effect when persisted in is to undermine free institutions in this country and all just sense of equal citizenship.

So I say to my friends on this side of the House, let us go forward until we make this a country in which every man shall see the gateway of opportunity opening before him, in which the great avenues of industry shall no longer be the private possession of the wealth of the country, but every youth in its borders shall be inspired to rise by his own merits and his own efforts—not born to labor for others, not beaten back in contempt by those who speak of him as rebel when he seeks his own rights. Let this be a country free to all, equal for all, with the golden ladder of opportunity planted in every cabin, in every home, and at every humble fireside in the land. [Long-continued applause.]

Julius C. Burrows [Mich.] of the minority of the Ways and Means Committee, replied to Mr. Wilson.

I desire to say that this measure as a whole stands without a parallel in the history of proposed tariff legislation in this country. It was framed with the evident intention of carrying out that portion of the Democratic platform and policy which declared for a "tariff for revenue only," and is the boldest step yet taken by any party in the United States in the direction of free trade—a step which, if it shall find popular following in this country, will certainly lead to individual disaster and national bankruptcy.

The first proposition arresting attention in this bill is the proposed transfer of one hundred and thirty-one articles from the dutiable to the free list.

It will not escape notice in this connection that upon examination of the list of articles thus transferred from the dutiable to the free list the interests of the farmer seem to have been selected for special assault and destruction, as nearly one-half of the items embraced in this proposed transfer are the fruits of domestic husbandry. Even the duty of 20 per cent. *ad valorem* accorded the American farmer on his wheat, corn, rye, oats, buckwheat, and their manufactures is to be removed, and all these products admitted free of duty from any country

extending like privileges to us. The way is thus open to the Canadian farmer to invade our markets at will.

The one hundred and thirty-one articles proposed to be transferred to the free list are not exclusively of foreign origin. They are of domestic production, built up and sustained by the investment of American capital and the employment of American labor. They are the products of our factories, our mines, our forests, our mills, our flocks and our fields, which you propose thus to expose to the merciless and unrestrained assault of our foreign rivals. And to what end? That the manufacturers, forsooth, may have the advantage of "free raw material."

I notice every "tariff reformer" urges free raw material as an indispensable adjunct to the consummation of his theory. "There is method in his madness." No one understands better than he that free raw material will be swiftly followed by free manufactured goods. It will be protection for all or protection for none. [Applause.] When you force the producers of raw material into unrestrained competition with the world the manufacturers of this raw material into the finished fabric will speedily share the same fate.

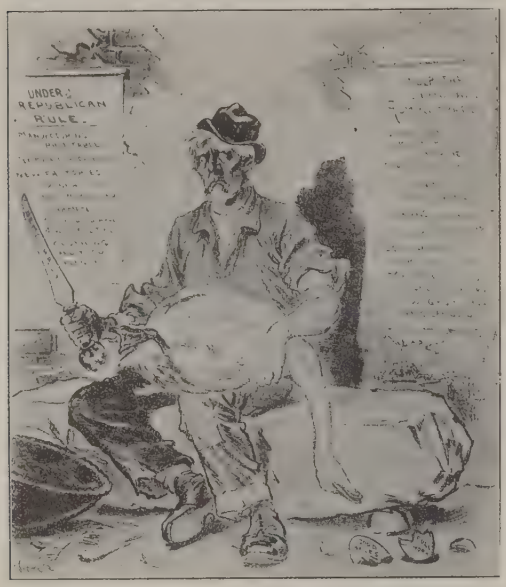
Yet I confess that in the light of this measure it is somewhat difficult to understand the Democratic idea of raw material.

For example, you put one class of clays on the free list, while another, adapted to the use of the same industry, is made dutiable. One would suppose that clay was about as "raw" a material as could be imagined. Yet, while putting the clays of New Jersey on the free list, you impose a duty of $2 a ton on the clays of Florida, Georgia, and other Southern States. One would surmise what was raw material in New Jersey would be "raw material" in Florida. But it seems not. One would suppose that hoop iron would be the same, regardless of the uses to which it is applied. Not so. On the farmer's bucket it is taxed, around the planter's cotton it is free.

Passing from the consideration of the free list to the dutiable schedules, we find here the same spirit of hostility manifested in every provision. There is not a schedule in which there are not some industries which will be imperiled by the passage of its bill—many will be utterly destroyed. On the other hand, if there is any provision in this bill which will stimulate a single domestic industry or give increased employment to labor it has not been pointed out. The measure as a whole looks only to lessened industries and lower wages.

I would call attention to the many incongruities in this bill.

The committee may be able to explain why pig iron is taxed, and cotton ties are free. Why the Northern farmer, with harvest labor at $2 a day, is allowed 20 per cent. on his wheat,



THE AMERICAN WORKMAN
He Killed the Goose that Laid the Golden Eggs
Cartoon by Victor Gillam in "Judge"

and the rice producer of the South, with 75 cents day labor, secures 71 per cent.

Why tallow, wool grease, and degras are made free as tanners' materials, while the sumac of Virginia and North Carolina, used for the same purpose, is protected. Why the farmers'

potatoes secure only 10 per cent. consideration, while peanuts of Virginia grow in security behind a Chinese wall of 35 per cent. Why in many instances the duty on the finished article is less, or no more, than on the articles entering into its manufacture.

But the most startling feature connected with and running through the entire dutiable schedules is the general substitution of *ad valorem* for specific rates. It is urged as an objection to specific rates that they operate unequally on the consumers of cheaper goods. But it must be remembered that on all the cheaper class of fabrics it is a matter of comparative indifference whether the rate is specific or *ad valorem*, as domestic competition has reduced the price of such articles in many cases to the consumer even below the duty itself.

Furthermore, specific duties serve to keep out of our markets cheap adulterated fabrics which are practically worthless to the purchaser, and insure a better grade of goods for the poor and rich alike.

Against the opinions of the mere theorists of to-day I interpose the substantial judgment of practical business men, experienced officials, and the practice of the most enlightened nations on the globe. In all continental nations excepting the Netherlands *ad valorem* tariffs have been substantially discarded.

It is not surprising, however, that the party of free trade in the United States should make this method of levying duties the leading feature of its policy. It is a fit accompaniment to this bill. It removes the last safeguard to American industries and strikes down the last hope for our protective system. If there was nothing else in this measure deserving public condemnation, this alone ought to be sufficient to insure its overwhelming defeat.

I implore you to abandon this suicidal policy. Have you not pursued it far enough to become convinced of its disastrous consequences? It is no longer an experiment—it has become a public crime. You have it within your power to instantly relieve this appalling situation. You have only to substitute for the pending measure a joint resolution declaratory of your purpose to maintain existing law in full force and effect during the continuance of this Administration, and business activity would instantly take the place of business depression. It would arrest the slaughter of our flocks, open our mines, relight the fires of our furnaces, unchain the wheels of our industries, start every spindle and loom; while whistles and factory bells would call

the tramping starving millions back from enforced idleness to profitable employment and the American Republic would leap with a bound to its accustomed place in the van of industrial nations. [Prolonged applause on the floor in the galleries.]

On January 10 Tom L. Johnson [O.] criticized the course of his party on the tariff as timorous.

Mr. Chairman, I am like the man who *could* eat crow. I will vote for this bill if I can get nothing better. But I do not like it. That it does contain some good points is true. The McKinley bill contained some good points; it put raw sugar and some other things on the free list. This bill goes further, and puts wool, coal, iron ore, and undressed lumber on the free list, and in so far makes some show of redeeming our pledge to abolish protection. This is its little sprinkle of saving salt, which commends it to me. Even if it were a proposition to reënact the McKinley bill, with the single exception of free wool, I would still vote for it if I could do no better, for every addition to the free list is a step toward free trade; every break in the link of protected interests lessens the power of the league of plunder to further squeeze the people.

But, though I might vote for this bill with pleasure if it came from a Ways and Means Committee representing a Republican House, I am disgusted and dismayed that it is presented by a Democratic committee to a Democratic House, as representing their idea of what the Democratic party, with all branches of the Government in its hands, proposes to do for a suffering people.

Perhaps it may satisfy what are called tariff reformers, but if this is a tariff reform bill I am all the more rejoiced that I am not now and never have been a tariff reformer. I am only a plain free trader. [Laughter.]

A fear of irritating the trusts seems to run through the bill. I can see no trust that it has struck at, or at all injured, except this sugar trust. The nominal reductions made on many articles still leave so high a duty as to close our market to foreign importations and secure to combinations of American manufacturers as full power to squeeze the American consumer as they have under the present tariff.

Take steel rails, of which I happen to know something, as I am a manufacturer of steel rails. I appeal to the Democrats of the House to join me in putting steel rails on the free list. The present duty on steel rails is estimated to be equivalent to

50.44 per cent. *ad valorem*. The committee have reduced this to 25 per cent. This seems like a great reduction. But it is only nominal, for 25 per cent. is all the steel rail trust want. It is as good to them as 1,000 per cent., for it is practically a prohibitory duty.

JOHN DALZELL [Pa.].—Does the gentleman speak now from the attitude of a steel rail manufacturer?

MR. JOHNSON.—I do. Our mill makes about one-thirtieth of all that are produced in the United States.

MR. DALZELL.—Is the gentleman a party to the steel rail trust?

MR. JOHNSON.—I am not; but whether I am or not would make no difference. Outside of this hall, as a steel manufacturer, I might be perfectly willing to enter a trust, but I will not defend trusts here. [Applause.]

Here Mr. Johnson opposed the continuance of the McKinley tax on imported books. He then dwelt on the need of immediate revision of our tariff system.

That you can injure industry and hurt labor by abolishing tariff taxes too quickly and too completely I deny. You will injure monopoly and hurt trusts; but you will stimulate industry and give labor relief. Take the business in which I am interested. If you put steel rails on the free list, as I intend to move, you will not shut up mills; on the contrary, you will open them, for the steel-rail pool can then no longer, out of the extra profits the tariff gives it, afford to pay for keeping mills idle. There will be greater activity and a greater demand for labor in the making of rails. And so with structural steel. But the benefit will not end there. The men engaged in making steel rails and structural steel are but a handful compared with those engaged in laying rails and erecting buildings and bridges, and even they are few compared with the men such erections set at work. You will lessen the profits of some of us steel manufacturers, but you will stimulate industry, give idle labor a chance for employment, and so tend to raise wages.

I am far from asserting that the bottom cause of the present distress is the tariff. It is something greater than that— it is the monopolization of land, the natural opportunity of all employment, the natural prerequisite of all wealth, and such distress must recur again until we come to the only true mode of raising revenue, the only full free trade—the single tax. But a quick and sharp reduction of taxation and breaking down of

the trusts and monopolies that have grown up from the Republican tariff will give large present relief and start again the wheels of industry.

It is bad politics to ignore the friends who voted for you in order to please enemies who opposed you. That is what the majority of the committee have done in reporting such a protectionist bill. What have they gained by their "moderation"? Simply the sneers of the minority. Every Republican member will oppose their bill; every Republican paper will denounce it; every ring and trust will fight it just as strongly, just as bitterly, just as persistently as they would oppose the bill that I would like to introduce. That bill would be short and simple. It would read:

SEC. 1. All import duties and corresponding internal-revenue duties are hereby abolished, and all officials engaged in collecting such duties are hereby discharged.

SEC. 2. The Secretary of the Treasury is hereby directed to sell all custom houses and revenue cutters, and pay the proceeds into the treasury.

SEC. 3. This act shall take effect immediately.

Such a bill would excite no more protectionist opposition than this poor, timid, little Wilson bill will. But it would not be sneered at, and it would arouse a mighty support, that this bill cannot get.

Such a bill as that I do not hope for now, but if we want to see another Democratic victory let us stand up to the platform of our party, and, retaining what free list the committee have proposed, add to it such things as steel rails and bicycles, and strike out all the protection they have filled into the bill.

JOSEPH G. CANNON [Ill.].—The gentleman has given us the bill that he would like to enact, repealing all the present revenue laws; will he be kind enough now to give us also the brief bill he would put in their place?

MR. JOHNSON.—I would put the tax upon the monopolization of natural opportunities; upon land values irrespective of improvement—the values which are created by the community and which the community has the first right to. [Applause.]

Now, Mr. Chairman, I know it is a long way from a protective tariff to the single tax, but I want to make the start. Of all the known methods of raising revenue the worst is a tariff, and of all tariffs the worst is a protective tariff.

The best of all taxes is the one I have indicated—the single tax. I will vote with you, gentlemen, on every step between the worst and the best. If, on the way, you want an income tax,

I will vote for it, though I do not like income taxes. But any tax on what men have is better than a tax on what men need. [Applause.] Any tax on wealth in any form is better than a tax on consumption in any form. I am far from charging that our present difficulties—this great depression through which we are passing—is due to the acts of either political party. I do not believe that the tariff cuts anything like the figure in this distress that people generally give it credit for.

We have to look further than that to find the cause, for there is no civilized country on the globe, except perhaps New Zealand, where the single tax has been begun, that is not suffering at this time from depression. We must look further than tariffs. But the measure I would propose in answer to the gentleman from Illinois would go to the heart of this world-wide question, would solve the labor problem—it is the single tax. [Prolonged applause on the Democratic side.]

Thaddeus M. Mahon [Pa.] opposed the bill. He particularly denounced the omission of the reciprocity clause which was in the McKinley bill.

One of the greatest achievements of the Republican party was accomplished during the closing days of the Fifty-first Congress, by the adoption of section 3 of the McKinley tariff law. I refer to the reciprocity clause. The measure now under consideration will repeal the same, and with its repeal all of the advantages secured in the trade markets of the countries we have made treaties with will be destroyed.

On January 11 William C. P. Breckinridge [Ky.] supported the bill. He said that it was a decided step in advance of the Mills bill, although it did not go so far as he would have gone, "for, until yesterday, I considered myself the most ultra free trader in this House." [Laughter.]

My friend and kinsman, Mr. Johnson, of Ohio, who was born in my district, and is worthy of his parentage, goes one step farther than I would go, but that may be because the conservative influence of twenty years has not had its effect upon him. [Laughter.] Until yesterday I considered myself on the outpost of the free-trade Democracy, and therefore I can afford to say that I am not satisfied with the Wilson bill. There are things in it that I would have been glad had been omitted.

There are omissions from it that I am sorry were not supplied. I would like to have seen the bounty on sugar repealed. I would have given almost anything to have seen tinplate put upon the free list. I would have been glad to have seen no duty in the bill higher than 30 per cent. But, take it all in all, it is a step in the progressive advance by which such reformation has to be made. It is not for the advance guard—not even for the great body of the army—that we are to frame our legislation. The timid, the halting, the doubtful, the uncertain, are our brethren. The conservative is our colleague; those who feel a divided duty deserve our consideration. They represent constituencies. We depend upon voting. We cannot reverse the decisions of thirty-five years immediately.

For myself I am willing to keep, as I have kept in every speech that I have made upon this floor, my own personal record clear. I am for ultimate free trade. I am for the possession of the oceans by free ships, freed from all the navigation laws which now hamper and embarrass us.

I am for taking possession of the great, long sea coast and making it fruitful by annexing thereto the billows which unite and do not divide us from other countries. There is no extent to which men can go to which I am not willing to go with them. But, on the other hand, I am willing to lag side by side with my brethren who agree with me on general principles. We are a country of sections, and I am willing to let Louisiana, with her sugar cane, and the Northwest, with her attempt at sorghum and beet sugar, come and be heard, and to be tender with them, so that they may not feel that we have slaughtered them.

And when I look at what we have done in eight years—when I see a Democratic Senate at the other end of the Capitol, a Democratic House here, a Democratic President in the White House—when I stand on the very eve of the day when the election laws are to be wiped from our statute books—when I see sectional animosities obliterated and the lines which divided us wiped out—I am willing to be more conservative than I otherwise might be, as I recall that it is for one country composed of diverse sections that a national party, compact and consolidated, is to govern in the coming years. [Applause on the Democratic side.] And, therefore, I say to those Democratic friends of mine who do not agree with all the provisions of this bill, we can either heartily and cordially sustain it or frankly point out our objections, and thus by mutual concession and patriotism reach an agreement. For myself, it would

obtain my earnest advocacy if it had nothing else in it than free raw wool.

Here Mr. Breckinridge discussed the general need of free trade. He said in conclusion:

I hope to live to see the day when the continent will be one for freedom, and in that day our children will look back upon these discussions as we look back upon some of the old discussions about the relations of the union of church and state, or the question of slavery. We have free speech, free thought, free locomotion, and, beyond that, we will have free trade. We will recognize that the primal curse, "by the sweat of thy face thou shalt eat thy bread," is the primary right of mankind; that the right to labor, the right to work, the right to support his family, carries with it the right to spend the fruits of his labor wherever he wants to, for whatever he pleases, according to his own will. This is freedom; that he who works has the freedom to work for whom he pleases without burden, to spend its recompense where he pleases, for what he pleases. And this is the mission of the Democratic party. We are the friends of the laboring men; aye, we are the artisans of toil, in whose name we have taken possession of sovereignty, for whose benefit we labor, whose freedom we will secure, and, when the end shall come, in humble homes that name will be the sweetest that can be uttered. [Loud applause on the Democratic side.]

Nelson Dingley [Me.] opposed the bill.

The free-trade theorists say that we should not undertake to carry on industries in which foreign producers or manufacturers have an advantage over us, but should confine ourselves to industries in which we have advantage over other countries. This is the free-trade contention of the gentleman from West Virginia [Mr. Wilson] and the contention of the majority report.

Now, if this free-trade contention referred simply to a natural advantage; if the argument of the majority report, insisting that we should not attempt to extend our industries and business to "artificial channels," referred to disadvantages of climate, soil, or other natural conditions, it would be accepted as sound. No protectionist holds that the protective policy should be applied to any industry which must be carried on

here under natural disadvantages, that is, where a larger amount of labor is permanently required to make or produce a given article here than is required elsewhere, except as there may be cases where national defence demands it.

What is meant by opponents of protection, however, is not this. It is that we should not carry on any industry here in which our higher wages of labor make the product cost more in money, although no more in labor or service than elsewhere where the laborer receives less pay—this, the gentleman from West Virginia [Mr. Wilson] tells us, would be an "artificial channel"—but should confine ourselves to "natural channels," or such crude industries, mainly agriculture, in which we have sufficient natural advantage to offset the difference of wages.

Indeed, the free-trade contention—and it is noticeable that nearly all the speeches for this bill on the other side have adopted free-trade arguments to their logical conclusion, and as such have been most enthusiastically applauded by nearly all our Democratic friends, thus showing that the Democratic party no longer disguises its free-trade policy—the free-trade contention is that where we find industries in which our higher wages of labor make the product cost more in money (although not more in labor or service) than they cost abroad because we pay higher wages for a certain amount of labor, we should drop such industries, notwithstanding they comprise nearly all our manufacturing industries, and import such goods instead of making them here, and turn the labor which has been employed in such manufacturing industries into agriculture or the production of crude materials in which we have natural advantages. This is the policy which has been again and again enthusiastically applauded on the Democratic side. And it is seriously contended by the free-trade theorist that this policy —which in fact would be going back where we were a hundred years ago—would give us the largest production of wealth, highest wages, and greatest consuming capacity. Perhaps the gentlemen who advocate this theory will be able to tell us what any of our farm products would be worth with such a multiplication of farmers and such an annihilation of nonagricultural consumers.

It is sufficient to say in reply that any economic theory which, put into practice, would prevent a diversification of industries, and especially the establishment of advanced manufactures, is fundamentally wrong. For nothing is clearer in the light of reason or in the teachings of experience than that people who so far multiply their pursuits as to give an opportunity for every variety of talent, and especially the highest skill, to do most effective work, take the lead in agriculture, manufacturing, and commerce. A nation with advanced industries, placed alongside the farm, produces far more per inhabitant than one which confines its industries to what free-traders call "natural channels." [Applause.]

On January 12 Sereno E. Payne [N. Y.] spoke in opposition to the bill.

I have studied this bill to see if I could find any theory upon which it was constructed. It is not a protective bill, although the committee have left some protective features in it. They have even seen fit to adopt a number of the rates contained in the McKinley bill. The title of the bill says that it is "to raise revenue," yet it proves to be a bill to reduce revenue by $76,000,000 a year.

As I have gone through its provisions, and examined its paragraphs, and studied its relations to the different industries of the country, I have come to the conclusion that the committee have gone back to the year 1880, and with their candidate for the presidency in that year [General Winfield S. Hancock] have agreed that "the tariff is a local issue." [Laughter.]

The committee have reduced the duty on hops from 15 to 18 cents. Now we shall be compelled to enter into competition with Canada, Germany, and England, and with any other country that raises hops; and why? To save 2 cents a barrel to the brewers of the country. It is time that the farmers of this country had a little consideration from the Democratic party as well as the brewers of the United States. [Applause.]

Mr. Chairman, the more we examine this bill the more we are convinced of the astuteness of that Canadian member of Parliament who stated that Canada got more out of the Wilson bill, without giving anything up in return, than she could have hoped to obtain by the most favorable reciprocity treaty.

The bill should read, for the encouragement of the Canadian farmer and the Canadian mechanic, the Algerian grape grower, the Bermuda onion grower, and the foreign mechanics the world over. That would be its most appropriate title.

The committee put salt on the free list. We paid $4 a barrel when we did not make enough salt to meet the demand in this country; but now it has gone down under a high rate of duty to 40 cents a barrel at the factory.

Every pound of salt shipped from Liverpool to the United

States and to Canada pays a profit to a single agent at New York City to-day. Give them free salt—what then? Why, they would cut down just enough below our prices to get into the country from Canada. But what gentleman is so credulous as to believe that a single individual consumer of the United States would get his salt a hundredth part of a cent lower than he gets it to-day. Then when they have got into our trade, when they have closed our factories (and when a salt factory is closed

"I PRESS THE BUTTON, THEY DO THE REST (ING)"

Cartoon by Victor Gillam in "Judge"

it deteriorates very fast and soon loses its usefulness) we shall have to pay tribute to this English subject in the city of New York for every pound of salt that comes into the United States from across the water.

I might speak of flax and hemp. I might speak of the peculiar consideration and the love that this committee have for the rags that fall from the paupers of foreign countries, that they should put rags and shoddy, unmanufactured, on the free list in this bill.

The committee has put lower duties on wire rods, wire, and wire cloth. If the manufacturers continue to make wire cloth in this country under this bill they must cut wages right in two in the middle.

There are some things about this bill that I cannot under-

stand at all, unless the rates were put into one basket and the subjects into another, and one man drew out the rates and another the subjects, and the clerk wrote them down as they thus came out. [Laughter.]

The chairman of the Committee on Ways and Means wants to go out after the markets of the twelve hundred millions of people who buy only 10 per cent. of the consumption of the world. Better keep the market of those who, though they be but seventy millions of people, buy more than 30 per cent. of the consumption of the world. [Applause on the Republican side.]

With what would the native of Africa, whose sole possession is the necklace around his neck, pay for the railroad iron which the chairman is going to send to that market? [Laughter.] Oh, this *ignis fatuus* of a foreign market! Let us keep our own market, pay our own wages, keep our own consumers what they are, the best consumers in the world. Do not cut off the very life-blood of the prosperity of this great nation. [Applause on the Republican side.]

I want you gentlemen to amend this bill only as suits your own sweet wills. Put all the direct and war taxes upon it you choose; fix it even to suit the Ohio free-trader, who was so vociferously applauded by you, then when you have perfected it I shall stand ready to vote to strike out its enacting clause that it may remain as a monument to your folly.

I shall do this to save the present law, which gave us the three most prosperous years of our national life. I shall do this because this bill will encourage fraud and perjury; will drive the honest importer from the business; will put a direct, offensive, and inquisitorial tax upon our people; will give a gratuity to the sugar producer, without a farthing of benefit to the country; will foster the interests of sections at the expense of others; will impoverish our farmer, destroy his wool industry, leave him defenceless against the tobacco of Sumatra, give his market for barley to Canada, for hops to Germany; cripple by a reduction of their purchasing power the consumer of his vegetables, his poultry, his dairy products, his small fruits, ruin his home market, and because it will tend to reduce labor to the level of its foreign impoverished rival; will stop many a wheel, put out many a forge, bring poverty and want to American homes, sap the manhood of American citizens, and continue the blight of poverty and want, and hunger and cold, which has so recently overtaken the people of a country one year ago the busiest, the most prosperous, the most progressive, the happiest,

and the most independent the world ever saw. [Loud and long-continued applause on the Republican side.]

Jerry Simpson [Kan.] followed Mr. Payne.

I believe that in the discussion of this question one very important factor has been excluded. I believe, since this is an agricultural country, with more than one-half the population depending on agriculture for a livelihood, that any law or system of laws which results in injury to agriculture must finally endanger every other branch of business, for all depend upon it.

I have not heard an argument from the Republican side on this question that has to me given proof that agricultural interests are benefited one particle by this system of protection.

The history of the last twenty years proves that the interest of agriculture has been constantly declining, until to-day the farmers of this country are producing nearly everything that the soil yields, that they cultivate, at a very low profit, and a great many at an actual loss. For Republican protection-tariff advocates to stand here and say this difficulty, this disaster to the laboring classes that now confronts us, and to the business interests of the country generally, has come upon us suddenly within the year is to ignore all the facts of the case.

There has been a good deal said about trusts in this discussion. Let us see what the effect of a protective tariff is. It was very cogently stated by Mr. Henry George, who says that out of a protective tariff, as naturally as grow toadstools out of a rotten log, grow the trusts and combines of your country.

When, in 1888, an enormous campaign contribution was levied upon the sugar trust it refused to pay it. Senator Plumb advised Chairman Foster to "put it over the fire and fry some of the fat out of it." This was done, and the McKinley bill reduced its protection from 1½ cents to one-half cent a pound. But plenty of fat was left. The protected sugar trust did collect from the people in the year 1892 its protection of half a cent per pound on 3,600,000,000 pounds of sugar, or $18,000,000 to "pay the difference in wages." The total wages it pays is 14 cents per 100 pounds, or $5,040,000, leaving $12,960,000, which it pockets from the money collected to pay its workmen the "difference in wages" after getting its labor practically free of cost.

The window-glass trust was protected in 1891 by a duty of $2.37½ on $2.20 worth of foreign glass 16 by 24. Wages paid, ten-pot furnace, per month, were in United States, $2,241. The

duty levied on a month's product of a Belgium furnace was $2,937, or $796 more than the total wages paid in this country, collecting this money from the people. They never paid it to their laborers, but have put it into their own pockets.

The enormous amount collected from the people for this extraordinary privilege for the products they produce fell heavily upon the agricultural classes. They are the consumers of sugar and window glass and all of those things that the four hundred and fifty trusts that have been formed under your protective system produce, and that is what has brought the agricultural interests of this country to poverty and bankruptcy to-day, and it must follow that the other interests, as I stated before, must fall into it, and if they do not look to the upbuilding of those interests the whole fabric of your institutions must bring us to bankruptcy as sure as the sun will rise in the morning.

Mr. Chairman, I am not pleased with this bill. I like much better the bill of the gentleman from Ohio [Mr. Johnson]. But, inasmuch as the gentleman from Michigan [Mr. Burrows] says in his speech that this bill carries large reductions as compared with the McKinley system of robbery, and inasmuch as it puts one hundred and thirty-one more articles on the free list, therefore every man who has his article on the free list will be an enemy to the protection the other fellow gets, and must eventually come in the direction of free trade. I support and welcome the bill as a step in the direction of what may eventually follow. [Applause.]

On January 13 W. Bourke Cockran [N. Y.] supported the bill.

Gentlemen tell us that this bill will operate such a reduction of the revenue as will paralyze the Government. I deny it. I insist that this reduction in the tariff will increase the revenue of the Government. It will stimulate consumption, it will quicken trade, it will broaden commerce, it will not only increase the revenue by a larger yield of taxes, but it will increase the opportunities of the people to earn the money with which the taxes are to be defrayed. [Applause on the Democratic side.]

When we consider the objections to this measure we find that they are twofold. One objection is that it will increase business. Another objection is that it will decrease business. And, strange as it may seem, I have heard both propositions advanced by the same orator, and that, too, by a gentleman who is

a leader of thought and an exponent of doctrine on the other side of the chamber. I refer to the gentleman from Maine [Mr. Dingley]. He took the ground that in order to raise sufficient revenue under the provisions of this bill we will be compelled to increase our imports $250,000,000; and he said that such a prospect was calculated to spread rejoicing among the foreigners and to fill the cottages and homes of this land with gloomy apprehension. He told us in the very next paragraph that between nations, as between individuals, all trade is an exchange of commodities; that money is used only to accomplish the movement or circulation of the goods from the hands of one man into the hands of the other; and, if that be so, must not this $250,000,000 worth of goods that we import be paid for by $250,000,000 of other goods that we export, and in the exportation of which we find our profits? [Applause on the Democratic side.]

Mr. Dingley.—My answer is simply this, that experience has demonstrated in the past that, in a situation such as sketched by the gentleman, we paid for excessive importations, over and above our exportations, by sending gold abroad, and to that extent depleting it from this country.

Mr. Cockran.—Let me ask the gentleman from Maine on what basis we could expect to carry on trade if his theory of prosperity be sound? If it be an injury to send abroad money, it must be a benefit to import it. If we imported $250,000,000 in money the gentleman manifestly thinks that we would be better off than if we imported $250,000,000 worth of goods.

Am I right in that? [Laughter.]

Mr. Dingley.—I suppose the gentleman is aware that we very often purchase things and get into debt for them instead of paying for them. My proposition is simply this, that anything which leads to the importation of goods such as we should produce ourselves therefore deprives our laborers of the opportunity of making those goods, and inevitably tends to reduce the price for labor in this country, and tends to produce the evils of which I spoke in my speech.

Mr. Cockran.—If I understand the theory of the gentleman from Maine [Mr. Dingley], it is that the importation of $250,000,000 worth of goods into this country, provided we manufactured similar goods ourselves, would be a startling event, pregnant with danger to the prosperity of this country. Yet my friend spoke of the importation of money as something that would indicate great commercial prosperity.

Now, Mr. Chairman, I venture to state that, as between an

importation of money and an importation of goods, the general prosperity of the people would be best subserved by the importation of goods. [Applause on the Democratic side.]

Suppose that instead of importing goods we imported gold; what would be the consequence? If you could maintain for any length of time large importations of gold you would soon bankrupt all the rest of the world and nobody would be left to trade with you. But, assuming for a moment that such a course of trade would not result in universal bankruptcy, what would be done with the gold after it had been imported? You know, my friend, it would not be left idle in the vaults; you are too good an economist for that. You know that the only use to which it could be put would be to exchange it against commodities. You would have to produce your commodities here. It would take time to produce them, the cost of production would be higher, amount of commodities would necessarily be smaller and the national wealth would be correspondingly lessened.

The true course is to bring in from abroad the goods that you can obtain best and cheapest in exchange for the goods that you can produce best and cheapest. If your natural position gives you an advantage in that trade, all the powers of earth cannot rob you of it unless you yourself close the doors of your ports in the teeth of your own prosperity, by a vicious system of protective legislation based upon all the errors that have ever afflicted political economy. [Prolonged applause on the Democratic side.]

Here Mr. Cockran pointed out that it was the military nations of Europe which had adopted protection.

One vice breeds another, one oppressive political institution is always buttressed and defended by other vicious institutions. Men instinctively adjust their economic systems to their political systems. As a sleeper on a cold night brings his knees in the direction of his chin, unconscious of the physical law which controls his action, so the Government, which prevents its most efficient laborers from engaging in industrial pursuits instinctively, unconsciously perhaps, but none the less surely, adopts a protective system, because it lessens production, reduces the demand for labor, and thus conceals from the people the worst features of a military system which forces into idleness a large part of the population and drives from the fields of industry the strongest productive forces in the country. And thus we

see that an oppressive government adopts an oppressive commercial system as inevitably as a duck takes to water. [Laughter.]

What was it that caused the Corsican Napoleon to fall from the great eminence to which his military genius had raised him? It was not any decay in the strategic skill which he had displayed in the days when he commanded the army of Italy. His military reverses were not caused by the recklessness of his ambitions; they were the fruits of his economic mistakes. He wrote his abdication not at Fontainebleau in 1814, but at Berlin, when he penned the Berlin decrees by which he sought to command the course of trade and to limit the freedom of commercial intercourse throughout Europe. [Loud applause on the Democratic side.]

Mr. Chairman, let us dispose of this question in the interest of the American people, in the interest of freer trade, of freer production, of labor better paid because more widely employed. [Loud applause.]

In seeking to find the freest markets for our products, we seek the welfare of the whole human race, we seek to establish a commercial system which will make this land the fountain of civilization—this people the trustees of humanity—which will make the flag of freedom in the air above us the emblem of freedom on the earth beneath us—freedom in our fields, freedom in our mines, freedom on the seas, freedom through all the world, for all the children of men. [Loud and long-continued applause on the floor and in the galleries.]

William J. Bryan [Neb.] supported the bill.

The committee has recognized that it had to deal with a system vicious in principle and yet present with us, and it seemed wiser to make a journey toward an ultimate revenue tariff than to attempt the accomplishment of it by a single enactment. The bill makes many reductions of prohibitory duties, so that in such cases the revenue will be increased rather than diminished. On other articles it both reduces the rate of duty and the amount of revenue, believing that the tax is greater than the people should bear even for revenue on those particular articles. Generally speaking, the bill leaves the tariff lowest upon articles of necessity and highest upon articles of luxury. Many duties upon agricultural products which afforded neither revenue nor protection were reduced or abolished.

One very important feature of the bill is the addition to the

free list of several articles classed as raw materials. Perhaps, technically speaking, there is nothing separated from realty and having value which can be called absolutely raw material, but commercially speaking those things are called raw material which lie at the basis of great manufacturing enterprises and which are only utilized after conversion into a finished product.

The average tariff left on woolen goods is a little over 39 per cent., which is a reduction of about 60 per cent. on that schedule.

Mr. Chairman, this bill brings to the farmer ten dollars for every dollar it takes from him. We have put wheat upon the free list because we are selling it in Liverpool in competition with the cheapest labor in the world, and if we can sell it there we can sell it here. But we put in a provision in regard to grain, limiting it to grain from any country which will admit ours free, in order to bring an influence to bear upon Canada to admit our grain products free.

JOHN A. PICKLER [S. D.].—I thought you were not in favor of reciprocity?

MR. BRYAN.—I am not in favor of the reciprocity which you had last year, but I am in favor of commercial freedom. [Applause.] And I am willing to say to Canada, "We will treat your products as you treat ours. We will open our gates to you if you open your gates to us," and that is what we have provided for in that clause. It may possibly do some good, although it is not absolutely necessary, for Canada has, I am informed, a standing offer to admit our grains free whenever we remove the duty from Canadian grains. Trade between the two countries will be profitable to both. But, sir, if that clause is left out and wheat is admitted absolutely free, and corn free, and these other great products of agriculture free, it will not harm the farmers of the United States a single dollar.

Now, Mr. Chairman, there is another provision in this bill to which I shall very briefly invite your attention. The bill provides for a gradual repeal of the sugar bounty—one-fourth of one cent to be dropped each year. It also reduces the tariff on fine sugar one-half. I believe that this is the best solution possible at this time of the difficulties surrounding this schedule.

We had a condition to deal with—a condition brought about by Republican legislation—and we made the best of it. When I was called upon to choose between a tax upon sugar which would raise the price of it to every consumer and a bounty reduced gradually, I chose the latter. I preferred to let the

bounty fall by degrees, and raise the needed revenue in a way that, instead of taxing the poor man as much as the rich man on the same number of pounds of sugar, would make wealth bear its share of the expenses of government. [Applause.] In other words, I would rather give free sugar to the people and make up the deficit by an income tax. [Prolonged applause.]

And now, in conclusion, let me repel a charge which has been made against this bill by our opponents. They have said that it is sectional; that it is drawn in the interest of the South. They have waved the bloody shirt and drafted into service the Confederate constitution. Let us see what section will profit most by the duties retained. The gentleman from Michigan [Mr. Burrows] complained because we left a high duty on rice, but he forgot to tell you that we left the duty 28 cents on the dollar lower than the duty fixed in the McKinley bill; he complained that we had left a high duty on Tennessee marble, but he forgot to tell you that we had reduced the duty on that same marble more than one-third.

Our opponents entirely fail to mention the generosity shown by Southern members toward Northern industries. Texas has more sheep than any Northern State, and yet her members are willing to give free wool to the manufacturers of Massachusetts. [Applause.]

When Michigan iron ore is placed on the free list, Alabama ore is placed there also; when Pennsylvania coal is placed on the free list, West Virginia coal is placed there also; when the rough lumber of Maine and Wisconsin is placed upon the free list, the rough lumber of North Carolina and Georgia is placed there also.

The same bill which gives free cotton ties to the South gives free binding twine to the North; the same bill which gives to the farmers of the South free cotton bagging for export gives to the farmers of the North free agricultural implements. There is one section in this country which gets the lion's share, but it is not the South. [Applause.] For every dollar that the Southern States receive in protection from this bill New England will receive five dollars. [Applause.] One State, Massachusetts, will reap more benefit from the tariff left in this bill than all the Southern States combined. The State of New York alone, and the State of Pennsylvania alone, will reap more benefit from the tariff left in this bill than all the Southern States together. Why, sir, the little State of Rhode Island has more money invested in the manufacture of cotton and woolen goods than all the States south of Mason and Dixon's line, yet they

tell us that a bill which leaves 38 and 39 per cent. on these goods is a sectional bill drawn in behalf of the South.

Aye, sir, if this bill is sectional, it is not drawn to give special protection to the interests of the South; but the South is justified in voting for it. Why? Because, sir, you cannot aid the South and West by means of protection. You can lay burdens upon them and press them down, but you cannot build them up by means of import duties. The South and West can vote for this bill because, while it gives protection to the Northeastern States, it makes the tax less burdensome than it is now. History is repeating itself. A generation ago New England helped to free the black slaves of the South, and to-day the Southern people rejoice that it was accomplished. [Cheers and applause.] The time has come when the Southern people are helping to free the white slaves of the North; and in the fulness of time New England will rejoice in its accomplishment. [Great applause.]

On January 15 the question of wages arose.

MR. PAYNE said: What I want to do is to put the manufacturers of this country in condition such that they can pay higher wages; and one thing is certain, that the workingmen of this country, organized as they are, when the manufacturers shall have been enabled to pay higher wages, will compel them to do so. [Applause on the Republican side.]

MR. COCKRAN.—Now, Mr. Chairman, my colleague [Mr. Payne] has placed this question before the committee in a shape in which it can be disposed of in the briefest possible space. He tells us that the theory upon which this protective system is maintained is to stimulate the profits in the hands of the manufacturers, and then trust to the trades unions to get those profits out of the manufacturers. [Laughter on the Democratic side.] We believe in putting the profits in the first instance into the hands of the laborers. [Applause on the Democratic side.]

JOSEPH H. WALKER [Mass.].—How?

MR. COCKRAN.—By increasing the demand for their labor and increasing production in this country. [Derisive laughter on the Republican side and applause on the Democratic side.]

Why are the laborers hungry and the manufacturers comfortable? What basis of division is that which enables these employers to look forward to this winter with composure, which forces the men over whose fate you gentlemen shed your tears

to wander in the streets hopeless, homeless, without food or shelter, while all around them the favored objects of your legislation are dwelling in comfort as a result of that legislation? [Prolonged applause on the Democratic side.]

CHARLES A. BOUTELLE [Me.].—Mr. Chairman, Jack Cade exhausted that style of argument more than five hundred years ago.

MR. COCKRAN [pounding on his desk].—Mr. Chairman, the gentleman is faulty in his history. Jack Cade lived four hundred years ago.

THOMAS B. REED [Me.].—Mr. Chairman, I am exceedingly sorry that, with all the répertoire of eloquence which the gentleman from New York [Mr. Cockran] has at his command, he should resort so frequently to that portion of it which is merely physical. [Laughter.]

The gentleman has indulged himself both to-day and on Saturday last in expressions of contempt for our industrial system, because under threat of changes business is paralyzed, and because the accumulated wealth of this country is too little to tide it over the difficulty. But unfortunately, throughout all the language which he has used on this subject, there went this continuous error; he made no distinction between wealth which is consumable and wealth which is intended to produce consumable wealth.

There is an immense amount of unconsumable wealth which is used in the production of other wealth existing in this country and in other countries; but, from the very nature of the case, the amount of consumable wealth that there is in any country at any time is exceedingly limited.

Now, let me come for a moment to this question of wages. The gentleman says that it depends upon supply and demand. I say that is an utterly exploded doctrine. Wages depend upon the amount of the market, and also upon the nature of the workingman himself. I anticipate what the gentleman is going to say in response to the suggestions of other gentlemen on his side, that what they need is a more extensive market; that what they need is to go forth to the rest of the universe and obtain a market; and the method they propose is to obtain a market somewhere else by giving up the market that we have here. [Applause on the Republican side.] But we on our side believe in enlarging the market in a different fashion. We do not mean to go to the ends of the earth and struggle with the cheaper labor of the whole world. What we mean to do is to elevate the market of this country by giving higher wages to the laborers,

and thereby constituting a market as broad as our production. [Applause.]

In this country, with the laborer seeking to obtain higher wages and fewer hours of work and the demand of the public for lower prices, there is going on a tremendous struggle; and that is all the struggle that the inventive power of this country can sustain.

Now you propose, by bringing us in contact with a lower civilization without protection, to make the success of that struggle an absolute impossibility. You are crushing down the laboring man by your efforts; and you are thereby intensifying this struggle between the employer and his employees, which is liable to be fought out as long as selfishness reigns in this world. But, thank Heaven, the success, the good fortune, and the prosperity of the laboring man do not depend on these men who rend the heavens with their shouts of praise, but upon the laws of the Lord God Omnipotent. [Prolonged applause on the Republican side]. And among the laws of Omnipotence is the use of human brains by aid of law to provide the laborer with opportunities for work. [Renewed applause on the Republican side and in the galleries.]

MR. COCKRAN.—An opportunity to listen to my distinguished friend from Maine [Mr. Reed] is always a liberal education. The conclusion of his remarks explains the beginning of them, and adds a significant light to the examination which we can bestow upon them. He began by stating that much of the discussion on this side was physical; let me compliment him by saying that the conclusion of the protection argument is purely spiritual. [Laughter and applause on the Democratic side.]

In this way you will observe that the distinguished warrior who had entered the ring when his partisans were sore beset proves that his final reliance is on the Lord of Hosts rather than upon the reasoning power of the American people. [Laughter on the Democratic side.]

But I do not think, Mr. Chairman, that there ought to be any contest between the two. My judgment is that every conclusion which the American people have reached in their history upon any great question has sooner or later come into direct conjunction and harmony with the laws of God; and the American people are moving in that direction now by this bill which is before the House. [Great cheering on the Democratic side.]

Mr. Chairman, that the wages of labor depend upon the law of supply and demand is a proposition so evident that I never

expected to have heard it denied on this floor by a gentleman to whom a great part of the intelligent thought of this country looks up for guidance. I had never supposed that the value of any material or element of wealth depended upon any other law than that of supply and demand. But I regard the statement of the gentleman from Maine on this subject as the crowning admission of the correctness of the position occupied by the majority. I am willing to leave this dispute on the issue which he has framed. If the laws of supply and demand do not control the price of labor, then you gentlemen of the minority are right. If the laws of supply and demand do control the price of labor, then according to your own statement we are right, and on that issue we challenge the verdict of the American people. [Applause on the Democratic side.]

On February 1 Mr. Reed replied to Mr. Cockran on the question of wages.

When I talk about wages I use the word in its broadest sense as the price and value of service whether of brain or muscle. When I speak of constant and continuous increase of wages, I do not mean the caprices of benevolence or of charity, or the fantasy of a mind longing for the impossible.

What is the rule and measure of wages? "Supply and demand" in no sense solves the problem. Only last week in this very city the builders and material men and the workers met together to see if in response to oversupply compared with demand concessions could be made. The material men were ready to yield, but the workmen, whose labor was the only perishable article involved, utterly refused. According to supply and demand they ought to have been hustling each other to see who could get into the job. Instead of that they are ready to struggle and to endure privations rather than give up what have become to them necessaries of life. Of course in time they will have to submit unless this bill is beaten, but there are limitations beyond which you cannot go. No nation can endure in peace any cut which goes into the quick. Necessities born of social life and advancing civilization are the real measure of wages.

This question of wages is all-important as bearing upon the question of consumption. All production depends upon consumption. Who are the consumers?

Unfortunately the gentlemen on the other side have persistently retained the old idea that the producers are one class and

the consumers are another, and hence we hear on all hands such stupidities of speech as those which sum up the workers in each branch and compare them with the whole people. One hundred and fifty thousand workers in woolens—you ask what are they compared with 70,000,000 of consumers; 200,000 workers in steel, what are they compared with 70,000,000 of consumers; 200,000 workers in cotton, what are they compared with 70,000,000 of consumers, and so on all through the long list, forgetting that all these people added together make the whole 70,000,000 themselves.

Where do our high wages come from? Just think a moment what wages are. They are the devourers of consumable wealth. In order to have more consumable wealth you must have an incentive for its creation. Wealth will never be made unless a consumer stands ready. More consumable wealth, therefore, depends upon a broadening market. This does not necessarily mean more purchasers, but purchasers with better purses, though for that matter in this country we have both.

Here let me meet one other question, and let me meet it fairly. We are charged with having claimed that the tariff alone will raise wages, and we are pointed triumphantly to the fact that the wages of France and Germany, protected by a tariff, are lower than England, free of all tariff, and to America with a tariff and still higher wages. We have never made such a claim in any such form. Free-traders have set up that claim for us in order to triumphantly knock it over. What we do say is that, where two nations have equal skill and equal appliances and a market of nearly equal size and one of them can hire labor at one-half less, nothing but a tariff can maintain the higher wages, and that we can prove.

If there be two bales of goods side by side made by the same kind of machinery and with the labor of the human being in both of the same degree of skill, and if the labor of one bale cost only half, for example, as much as the other, that other bale can never be sold until the extra cost of the costlier labor is squeezed out of it, provided there is an abundant supply of the product of the cheaper labor. If the bale with the cheaper labor of England in it meets the bale with the dearer labor of America in it, which will be bought at cost of production? I leave that problem just there. The sale of the English bale will be only limited by England's production.

Now, as to France and Germany. England had centuries of peace or distant war, while both France and Germany were the battlefields of Europe. Until Bismarck made Germany a nation

she was not even big enough to enter successfully modern industrial warfare. To compare either of those nations in machinery or wealth to England, a hundred years in advance of them both by reason of her history before 1850 and her tributary provinces, is absolutely farcical.

We are the only rival that England fears, for we alone have in our borders the population and the wages, the raw material, and within ourselves the great market which insures to us the most improved machinery. Our constant power to increase our wages insures us also continuous progress. If you wish us to follow the example of England, I say yes, with all my heart, but her real example and nothing less. Let us keep protection, as she did, until no rival dares to invade our territory, and then we may take our chances for a future which by that time will not be unknown. [Applause.]

Charles F. Crisp [Ga.] arose amid prolonged applause by the Democratic side and in the galleries, and replied to Mr. Reed.

The gentleman from Maine, with a facility that is unequaled, when he encounters an argument which he is unable to answer, passes it by with some bright and witty saying and thereby invites and receives the applause of those who believe as he does. But the gentleman does not attempt, the gentleman has not today attempted, to reply to the real arguments that are made in favor of freer trade and greater liberty of commerce.

The gentleman points to the progress of the United States, he points to the rate of wages in the United States, he points to the aggregated wealth of the United States, and claims all this as due to protection. But he does not explain how we owe these blessings to protection. He says, we have protection in the United States, wages are high in the United States, therefore protection makes high wages.

When we ask the gentleman from Maine to give us a reason why a high protective tariff increases the rate of wages he fails to give it, but points to the glory, the prosperity, and the honor of our country. The gentleman belongs to that school who believe that scarcity is a blessing, and that abundance should be prohibited by law.

Assuming, if you please, for the purposes of the argument, what these gentlemen claim, that a protective tariff gives higher wages in protected industries, and still your proposition is wholly without foundation. The consumer and the producer

the same! Why, Mr. Speaker, do you know the proportion the producers of protected manufactured products in this country bear to the producers of all other products? You do not pretend that your tariff raises the price of the farmer's wheat, or his cotton, or his corn, or his meats; yet in spite of this great class, which is as three to one or more against the other, you gravely say that the producer and the consumer are the same!

Will you tell me how your protective tariff benefits the man who raises cotton, or corn, or wheat, or meats? The producers of those great staples are forced to seek their market abroad. A hundred years of this fostering system have not yet built up a home market for more than one-third of the cotton produced in the United States. Our market is abroad. Will you tell me how this protective tariff benefits our agricultural producers?

Suppose a farmer in Minnesota has 5,000 bushels of wheat and a farmer in Georgia has 100 bales of cotton. That wheat at 80 cents a bushel is worth $4,000, and that cotton at 8 cents a pound is worth $4,000. Let those producers ship their staples abroad. The Minnesota wheat grower ships his wheat to Liverpool; whether he ships it there or not that is where the price of his wheat is fixed. The Georgia cotton raiser ships his cotton to Liverpool; whether he ships it there or not that is where the price of his cotton is fixed. The wheat and the cotton are sold in that free-trade market. The wheat is sold for $4,000; the cotton brings the same amount. The Minnesota farmer invests the $4,000 he has received for his wheat in clothing, crockeryware, iron, steel, dress goods, clothing—whatever he may need for his family in Minnesota. The Georgia cotton raiser invests the proceeds of his cotton in like kinds of goods. Each of those men ships his goods to this country and they reach the port of New York. When either undertakes to unload them he is met by the collector of customs, who says, "You cannot bring into this market those goods for which you have exchanged your products unless you pay to the United States a tariff fixed by the McKinley law—a tax of $2,000!"

The man will in vain refer the collector to the statement of the gentleman from Maine that the foreigner pays the tax. What is the result? The goods that cost $4,000 without the tariff cost him $6,000 with it.

Ah, but says the gentleman, he ought to buy his goods at home. Let him try it. Let him go into the home market; and, according to the statement of the gentleman from Maine, when he enters the home market he will buy the home products almost on equal terms, in competition with those same goods which are

sent here from abroad, embracing the cost of raw material, plus labor and plus the present rate of the tariff. [Applause on the Democratic side.]

If he buys his goods abroad and pays the duty, it goes into the treasury of the United States and is called a tax; if he buys the goods at home and pays the increased price that is put upon them by the tariff, it goes into the pocket of the protected manufacturer and is called "protection." [Applause.] In either case the increased price is practically the same amount, and in both cases the consumer pays it.

Perhaps it is dangerous to enter a field where the gentleman from Maine invites one. The gentleman is so cunning of fence, so wily an adversary, that it may be dangerous to accept his challenge; yet I will venture. The gentleman says he hopes he will never hear again the old cry that we have free trade in labor, and then proceeds to say that the laborer who comes here from abroad does not bring his reduced rates of wages with him. Nobody ever contended that that was the purpose or effect of the foreign laborer coming here; but the argument which the gentleman from Maine derides has been made by gentlemen on the side of the question which I represent to show that, while the manufacturers are seeking and the Republican party is granting them a high tariff to protect them from competition, yet that party has never passed any law to protect the wage-earner from competition, but any man from abroad may come here and compete with him for the employment which the manufacturer has to give. [Applause on the Democratic side.]

Now, our friends on the other side criticized our bill because they said that it created a deficiency of $75,000,000. We have tried to relieve ourselves from that criticism. We have amended the bill. We have established a new subject or another matter of taxation. We recognize the justness of the statement of the other side, that we ought to show in our bill where we propose to raise the revenue. We recognize that. There will be a deficiency of $70,000,000 or $75,000,000 on the basis of last year's importations. We propose to raise $10,000,000 by increase of the whisky tax; a little by the tax on playing cards, and a little on an increase of the tax on cigarettes; and we propose to raise $30,000,000 by a tax on the incomes of corporations and on the net incomes of individuals. [Loud applause on the Democratic side.] That makes, say, $45,000,000. And we propose to meet the other deficiency if there be any, in the good old Democratic way—by reduction of expenditures. [Loud applause.]

Mr. Wilson closed the debate.

I must apologize to my friends on the other side if I pass by their arguments for lack of time to refute them. But for this I should delight to take up, at least for a few moments, the beautiful and elaborate oration which my honored colleague from Michigan [Mr. Burrows] brings into this House every Congress like a cluster of wax flowers under a glass case [laughter and applause], with a pathetic but firm admonition that no member shall fling at it a pebble of interruption or interrogatory. [Laughter.]

The gentleman from Maine, Mr. Reed, has appeared this morning in a rôle somewhat different from that in which he usually addresses the House. He has laid aside his ordinary methods of debating great public questions and has given us a set oration. He has endeavored to take up the stock arguments of protection and sickly them over with a pale cast of philosophy. [Laughter.] But, after all, his main argument was that which is heard on every platform in the country, that, because we have had protection in the United States for the last thirty years we have drawn all our prosperity, our national greatness, our individual and social advancement from a law of Congress, and not from the character and enterprise of our people, the resources of our country, the freedom of our Government, and the blessing of Almighty God.

An argument which gentlemen upon this side are using to excuse themselves for hesitating, at least, to vote for this bill is that the income tax has been added to it. I need not say to them that I did not concur in the policy of attaching an income-tax bill to the tariff bill. I have had some doubt as to the expediency of a personal income tax at the present time, but when the committee decided otherwise I threw in my fortunes earnestly and loyally with them because I had never been hostile to the idea of an income tax. [Loud applause on the Democratic side.] It has been opposed here as class legislation; it is nothing of the kind, Mr. Speaker; it is simply an effort, an honest first effort, to balance the weight of taxation on the poor consumers of the country who have heretofore borne it all. [Loud applause.] Gentlemen who complain of it as class legislation forget that during the fifty years of its existence in England it has been the strongest force in preventing or allaying those class distinctions that have harassed the other governments of the Old World.

And now, but one word more: We are about to vote upon

this bill. If I knew that, when the roll is called, every Democratic name would respond in the spirit of that larger patriotism which I have tried to suggest, I should be proud and lighthearted to-day. Let me say to my brethren who are doubting as to what they shall do that this roll call will be entered, not only upon the journals of this House, it will be written in the history of this country, it will be entered in the annals of freedom throughout all time. [Applause.]

This is not a battle over percentages, over this or that tariff schedule—it is a battle for human freedom. [Applause.] As Mr. Burke truly said, every great battle for human freedom is waged around the question of taxation. You may think to-day that some peculiar feeling or view of your own will excuse you for not supporting this great movement; you may think to-day that some excuse which seems to cover you as a garment will be sufficient in the future; that some reason which seems strong and satisfactory to you, some desire to oblige a great interest behind you, may justify a negative vote when the roll is called, but the scorching gaze of a liberty-loving posterity will shrivel them away from you forever. [Applause.] The men who had the opportunity to sign the Declaration of Independence and refused or neglected because there was something in it which they did not like—thank God there were none such, but, if there had been, what would be their standing in history to-day? If men on the battlefield at Lexington or at Bunker Hill, from some ground of personal or local dissatisfaction, had thrown away their weapons, what think you would have been their feelings in all the remaining years of their lives when the Liberty Bell rang out on every recurring anniversary of American independence? [Applause.]

This is a roll of honor. This is a roll of freedom, and, in the name of honor and in the name of freedom, I summon every Democratic member of this House to inscribe his name upon it. [Loud and prolonged applause.]

Various amendments were passed changing, not to a great degree, rates of duties on certain articles of the bill. An internal revenue amendment whose most important provision was the imposition of an income tax [see page 406] was adopted. The leading Republicans did not vote on the measure.

By a partisan vote of 204 to 140 the bill was then passed, amid great cheering and applause on the Demo-

cratic side. Mr. Wilson was carried in triumph around and out of the House on the shoulders of the Democratic Representatives.

The Senate referred the bill to the Committee on Finance, the chairman of which, Daniel W. Voorhees [Ind.] reported it with amendments on March 20. Justin S. Morrill [Vt.] announced that the Republican minority were opposed to the income tax, the many changes from specific to *ad valorem* duties and to the great bulk of the provisions of the bill.

The debate on the bill lasted until July 3, when the bill was amended in a number of material points, chiefly by the activities of Calvin S. Brice [O.] and Arthur P. Gorman [Md.], Democrats, and passed.

The amendments in general increased the duties of the House bill.

The bill was passed by a vote of 39 to 34.

When the amended bill came back to the House Mr. Wilson declared that the Senate had changed the principle of the bill, and so he advised the House to reject the amendments.

On Mr. Wilson's motion a conference was appointed between the two chambers. The joint committee failed to come to an agreement, and a second committee was appointed, which also failed to agree. Finally the House accepted the Senate amendments (on August 13) by a vote of 182 to 106. Tom Johnson [O.] voted in the negative. The Democratic Representatives resolved to mitigate their humiliation by subsequently voting to replace on the free list, in separate bills, the articles which had been stricken from it in the general bill.

Before the vote was taken Mr. Reed twitted the Democratic Representatives over their "back down." Amid cries of "Vote! Vote!" he said:

I think your feeling, gentlemen, is perfectly natural. The job that you have got to do is such that the sooner you get over it the better you will feel. [Laughter and cries of "Vote!" "Vote!" on the Democratic side.] But at the same time you will have to listen to a plain statement of what you are doing, and you will recognize it yourselves, and it is because you rec-

ognize it in advance that you are crying, "Vote!" "Vote!" "Vote!" Your class of people in the latter day will be crying, in similar fashion, for the mountains to fall on them. [Laughter.]

DIGGING HIS GRAVE

"Oh, what was I begun for, if I'm so soon to be done for?"

Cartoon by Victor Gillam in "Judge"

Mr. Wilson expressed his great disappointment at the situation.

I had hoped and believed, until there seemed no ground

scarcely for hope or belief, that in such a contest this House, backed by the American people and enthusiastically sustained by the Democratic party, would be able to achieve some honorable compromise between the two Houses which we could have accepted, not from a sense of duty, but with a sense of satisfaction and a feeling that we had responded to the mandates of the American people.

Mr. Speaker, we have simply realized in this great fight the fact so well stated by the great leader of the tariff reform fight in Great Britain—that when the people have gained a victory at the polls they must have a further stand-up and knock-down fight with their own representatives. And we have realized, if nothing else, the warning lesson of the intrenchment of the protective system in this country under thirty years of class legislation, until the mere matter of tariff schedules is a matter of insignificance, and the great question presents itself, is this to be a Government by a self-taxing people or a Government of taxation by trusts and monopolies? [Applause on the Democratic side.]

But whatever the measure of shortcoming of this bill in its present form—whatever be its demerits in mere schedules—this I do believe, that it is not as bad as the McKinley bill. [Loud applause on the Democratic side.]

This I do know, that in part of it it does afford some relief to the taxpayers of this country, and does clip the wings of the gigantic monopolies that are now oppressing them and blocking legislation. [Applause on the Democratic side; derisive cries on the Republican side.]

Immediately following the passage of this bill we propose to present and pass a bill putting sugar on the free list. [Applause on the Democratic side.] The question is now made as to whether this is a Government by the American people for the American people, or a Government of the sugar trust for the benefit of the sugar trust. And this House will show the people, I doubt not, what its position is on that question, and the Senate will show the people its position.

MR. REED.—Mr. Speaker, I am somewhat reluctant to address the House, because my feelings are divided between two emotions. One is an emotion of regret for the Democratic party and for its position, and the other is a feeling of equal regret for the country and its position, too. So far as the gentleman from West Virginia is concerned and his compatriots, there is not the slightest necessity of my commenting on the difference between this scene of sorrow and the triumphal pro-

cession which carried him out of this House. [Laughter and applause on the Republican side.] He is not so joyous now, having been carried out in another branch, and more effectually. [Renewed laughter.]

The gentleman from West Virginia and his compatriots appear before us now, not as the triumphal reformers, marching to glory at the sound of their own sweet voices. They are little babes in the wood, and it will be found pretty soon that they were left there by their "uncle" in the White House. [Great laughter and applause on the Republican side.]

Out of your own household has come your condemnation. Nay, out of your own mouths has your condemnation come. For we shall read that bold and uncompromising declaration of the chairman of the Committee on Ways and Means that we were to sit here until the end of our term to put down the sugar trust. What do we have instead? Why, we have a proposition to fire one of those pop-gun tariff bills for which the gentleman from Illinois [Mr. Springer] was deposed from the Committee on Ways and Means. [Laughter on the Republican side.] His successor, after filling the atmosphere with his outspread wings, finds his nest in some other bird's premises. [Laughter on the Republican side.] Why not resign if you were to adopt the action of the other person? I congratulate the gentleman from Illinois [Mr. Springer] upon his personal triumph. I wish I could congratulate the country upon something, and I will—upon the speedy departure of incompetency. [Applause upon the Republican side.]

Lafe Pence [Col.], a Populist, paid an earnest tribute to Mr. Wilson.

Mr. Speaker, I am not prepared to agree with the course of the majority here to-day, although it may be the best that my fellows and I can do. But we cannot hesitate to recognize the magnificent courage as well as ability of the men who have led this fight, above all the man who is standing here to-day with blindfold off, who is a great deal bigger than he was the other day when he stood here blindfolded. Mr. Speaker, the gentleman from West Virginia [Mr. Wilson] may not live to see the end of the fight for tariff reform. He may not live to stand again and sound the call to the clans for the roll of honor and every man to answer, but, if I live to be a hundred years old, when I remember him it will be as he stands to-day, accepting the inevitable. To him I address the words of Edwin Arnold:

Charge, charge once more
Then, and be dumb.
And let the victors, when they come,
When the forts of folly fall,
Find your body by the wall.

[Applause.]

The bill was presented to President Grover Cleveland on August 15. He refused to sign it, announcing the fact that he had not done so on August 28, 1894, at which date the bill went into effect even without his signature.

CHAPTER XV

The Tariff of 1897

[THE DINGLEY BILL]

Nelson Dingley [Me.] Introduces a Tariff Bill in the House—Debate: in Favor, Mr. Dingley, Albert J. Hopkins [Ill.], Jonathan P. Dolliver [Ia.], Gen. Charles H. Grosvenor [O.], Joseph H. Walker [Mass.], John Dalzell [Pa.], Sereno E. Payne [N. Y.]; Opposed, Gen. Joseph Wheeler [Ala.], John C. Bell [Col.], Edward W. Carmack [Tenn.], John L. McLaurin [S. C.], James G. Maguire [Cal.], John Sharp Williams [Miss.], Benton McMillin [Tenn.], Champ Clark [Mo.], Jerry Simpson [Kan.], John M. Allen [Miss.]—Bill Is Passed—Nelson W. Aldrich [R. I.] Introduces the Bill in the Senate—Debate: in Favor, Sen. Aldrich, Richard F. Pettigrew [S. D.]; Opposed, Donelson Caffery [La.], Roger Q. Mills [Tex.], Benjamin R. Tillman [S. C.]—Bill Is Passed with Amendments—Conference Report; Debate in the House: in Favor, Mr. Dingley, Mr. Payne; Opposed, Joseph W. Bailey [Tex.], Mr. McMillin—Report Is Adopted by House and Senate—Bill Is Signed by the President.

PRESIDENT WILLIAM McKINLEY convened Congress in special session on March 15, 1897, to revise the tariff. On March 22 a bill to this end was introduced in the House by Nelson Dingley [Me.], chairman of the Committee on Ways and Means.

The Dingley Tariff Bill

House of Representatives, March 22-31, 1897

Mr. Dingley supported the measure.

In this revision the committee have endeavored to discard mere theories, and have addressed themselves to the framing of a practical remedy, at least in part, for the ills which have for so many months overshadowed the country.

It is a "condition and not a theory which confronts us." Our problem is to provide adequate revenue from duties on imports to carry on the Government, and in imposing duties to secure this result to so adjust them as to secure to our own people the production and manufacture of such articles as we can produce or make for ourselves without natural disadvantage, and thus provide more abundant opportunities for our labor. For rest assured that no economic policy will prove a success unless it shall in some manner contribute to opening up employment to the masses of our people at good wages. When this shall be accomplished, and thus the purchasing power of the masses is restored, then, and not until then, will prices cease to feel the depressing effect of underconsumption, and the prosperity of our people rise to the standard of 1892.

The great secret of the prosperity of the United States up to 1893, especially after the resumption of specie payments in 1879, was the fact that our people were all at work at good wages, and thus had large purchasing power. It was this large consuming and purchasing power that made our markets the best in the world, that maintained prices at fair rates—in short, that made this country the admiration and envy of the world.

When, by first the anticipated and then partially realized overthrow of protection, industries were arrested, machinery stopped, wages reduced, and employees discharged, through the transfer of the producing and making of part of what we had previously made to other lands, then the purchasing power of the masses was diminished and the demand for products decreased, and this gorged the markets, abnormally lowered prices, and prostrated industries and business.

Mr. Chairman, the past four years have been enlightening, especially to candid investigators of economic problems. We have been attending a kindergarten on a gigantic scale. The tuition has come high, but no people ever learned so much in so brief a time. [Laughter.] Hereafter theories, preached in however captivating language, will have to give way to the teachings of experience.

It has been the favorite assumption of some theorists that revenue and protection in the same tariff schedule are impossible. But we have had, in the past seven years, in the contracted working of the protected wool and woolens schedule of the tariff of 1894, a most striking demonstration otherwise.

By placing wool on the free list and reducing the duties on manufactures of wool, the treasury lost $21,000,000 of revenue, our farmers lost a market for the 80,000,000 pounds of wool which they raised in 1892 in excess of what they raised in 1896-97, as well as nearly 10 cents per pound in price, involving

a loss to them of nearly $30,000,000 per annum already on this one farm product, and our manufacturers and their workingmen lost a market not only for the goods which increased foreign imports had supplanted, but also a market for goods which the farmers and masses of the people were able to purchase in 1893, but which they could not buy in 1896 because of a loss of employment and purchasing power.

Beyond this it has been demonstrated that by placing wool on the free list, to the injury of the farmer and manufacturer, we have not been thereby enabled to increase our exports of manufactures of wool (as was claimed would be the case), but we have greatly increased the use of shoddy by diminishing the purchasing power of the masses and thus compelling them to seek the cheapest cloths. In 1893 less than 300,000 pounds of shoddy and woolen rags were imported, but in 1896 the imports of these exceeded 11,000,000 pounds.

If it be claimed that this has reduced the cost of clothing to the people (rather a surprising position for men who have been bewailing the fall of prices), the reply is obvious that it has done so only in appearance, because in point of fact the masses, deprived of work and wages by what has given foreign manufacturers the making of so large a part of our goods, have found it harder to buy their clothing than they did before. The true test of real cheapness is always what any article costs in labor, not in dollars. Nothing is cheap that is thus made by degrading man. Nothing can be cheap in the last analysis when it is thus made by purchasing abroad what we can produce or make without natural disadvantage, when such purchase necessitates the idleness of many of our own workingmen.

This is the lesson taught by the bitter experience of the past four years.

Profiting by this experience, the Ways and Means Committee in framing the pending bill have taken wool from the free list, where it was so unjustly placed by the present tariff, and have restored it to the dutiable list at the same rates as it bore in the tariff of 1890 (11 cents per pound for class 1, clothing wool, and 32 per cent. on the great body of carpet wools); and have also restored the same compensatory duties on manufactures of wool as provided by that act, in order to place the manufacturer of wool on the same basis as to his material as his foreign competitor, as is always necessary in order to provide a market for our domestic wool. A few kinds of wools heretofore classed as carpet wools, which are used for clothing purposes, have been transferred to clothing wools. To this have been

added in a partly specific form duties practically equivalent to the *ad valorem* duties imposed by both the tariff of 1890 and 1894 as a protection to the wool manufacture.

This, it is believed, will greatly aid the wool grower, stop the further depletion of our flocks, and presently regain what we have lost in the past four years, and ultimately result in the home production of nearly all the clothing wool that we require. It will also greatly encourage the wool manufacturing industry, which has suffered so severely under the tariff of 1894, by giving a partly specific duty on imported wool goods, and also by increasing the purchasing power of the farmers. At the same time it will ultimately increase the revenue from duties on wool and woolens not less than twenty-five millions per annum.

The duty on sugar has also been increased, both for purposes of revenue and also to encourage the production of sugar in the United States, and thereby give to our farmers a new and much-needed crop. We now pay foreign countries about $84,000,000 for imported sugar, notwithstanding the abnormally low price, and this sum will soon be increased to $100,000,000. The success which has attended the growing of sugar beets and the production of beet sugar in California and Nebraska in the past five years, not to mention the progress in the production of cane sugar in Louisiana, has made the problem of producing our own sugar no longer doubtful; and, now that we must have the increased revenue from sugar for the present, a favorable opportunity presents itself to give this boon to our agriculture.

There is little doubt that the increase of nearly three-fourths of 1 cent per pound in the duty will be sufficient to gradually develop beet-sugar production in this country, and that for the present it will increase the annual revenue twenty millions.

An increase has been made in the duty on flax and hemp, as well as jute and manufactures thereof, to practically the same as that borne by cotton goods. This will both increase the revenue for the time being and ultimately develop flax cultivation and linen manufacture here.

For the most part otherwise the increase of duties in the pending bill to the figures of the tariff of 1890 have been in the schedules or paragraphs covering luxuries like tobacco, liquors, silks, laces, etc., which, being articles of voluntary consumption, are always regarded as objects which will bear the highest duties. The exceptions are the earthenware and glass schedules and the agricultural schedule, on which the duties have been placed the same as in the act of 1890, because no other rates seemed to be protective.

The iron and steel schedule, except as to some advanced products, has not been changed from the present law, because this schedule seemed to be one of the two of the present law which are differentiated from most of the others and made in the main protective. The duty on tin plate, the manufacture of which was so successfully established under the tariff of 1890 by the duty of 2 1-5 cents, has been increased from the 1 1-5 cents duty of the present law to 1½ cents, which it is believed will prove as protective as the higher rate of 1890, now that the industry has been so successfully established.

The same is true of the cotton schedule, which has been left as it was placed in the act of 1894 for the most part, with some needed advances on fine goods.

In all the other schedules the rates proposed in the pending bill are between the rates of the tariff of 1890 and the present law.

There have been transferred from the free list of the tariff of 1894 to the dutiable list of the proposed bill not only wool, lumber, salt, burlaps, bags, cotton bagging, and cotton ties, which should never have been made nondutiable, but also argols, crude opium, asphaltum, chicle, paintings, and statuary, except when imported for free exhibition by an established gallery or institution; straw ornaments, etc., which under existing conditions ought to contribute something toward the much-needed additional revenue.

Here Mr. Dingley explained why the committee had placed paintings and statuary upon the dutiable list. This was done, he said, to correct several abuses, such, for instance, as the importation of valuable fans under the guise of paintings.

The committee, he said, had found it also necessary to modify the provisions relating to the free admission of clothing and personal effects of tourists, serious abuses having arisen under the existing law.

Mr. Dingley stated that the increase of revenue under the bill was estimated at $113,000,000 a year.

On the question of reciprocity he said:

The report of the Committee on Ways and Means has set forth the fact that the pending bill has not only restored the provisions of the tariff of 1890 as to reciprocity under which our trade was so successfully enlarged, but has extended that policy.

Joseph Wheeler [Ala.], a member of the Committee on Ways and Means, replied to Mr. Dingley. He declared that the bill had been framed solely in the interests of the manufacturers of the country—indeed, that these interested parties had dictated the very phraseology of the instrument. He prophesied that the bill, if it passed, would fall short of the expectations of its promoters.

Albert J. Hopkins [Ill.], of the committee, supported the bill. Pointing to the failure of the Democratic predictions concerning the effect of the McKinley bill, he declared that the opposition would likewise be confuted by the results of the present measure, which largely was founded upon its Republican predecessor. The Wilson-Gorman bill, on the contrary, failed disastrously to fulfil the roseate promises of its advocates, as the present depressed condition of the Government and the country strikingly proved.

I cannot find a better illustration to show the utter inability of the Democratic party successfully to administer the affairs of the Government and the inadequacy of their industrial policy than to call the attention of the members of this House and of the country to the condition of the railroads of the United States during four years of Democratic administration. The Democrats claimed, among other things, that the railroads of the country would prosper under free trade, and that railroad employees would also be benefited, as they had prospered under the protective principles of the Republican party, and illustrated their position by saying that the products of the farm must be transported to the seaboards and that the imports from foreign countries here must be carried through the various States to the localities where the people could consume them, and that this industry would prosper better under the policy of free trade, as advocated by their party, than under the industrial system that has been made so prominent a part of the history of our party. Our contention then was, and always has been, that under a well-regulated and graduated tariff law every industry and every citizen in all of the various vocations of life would be benefited; that what brings prosperity to one interest brings it to all. This claim has been amply and adequately proven again and again.

Let me, sir, present to you some figures to show how the rail-

roads and railroad employees have suffered during the four years last past.

The earnings of the railroads for the year ending June 30, 1895, under free trade, and Democratic administration, were $1,075,371,462, a decrease in the gross earnings in 1895 as compared with 1893 of $145,038,412.

But this, sir, does not represent the full force of the blow the railroad interests of the country have received from the Democratic party. The railroads of this country, on June 30, 1893, gave employment to 873,603 men. On June 30, 1895, only 785,034 found employment. An army of 88,568 railroad employees were thus turned out upon the highways to seek in vain for employment, and in many instances to be compelled to beg for bread for themselves and families. These men in 1893, according to the statistics which I have obtained from the Interstate Commerce reports, received in wages $51,285,300. The men who remained in the employ of the railroads suffered a reduction in their wages in 1895, as compared with what they had received in 1893, of $9,800,000, so that the loss to railroad labor that has been brought upon them by this policy of free trade aggregates the marvelous amount of $61,085,300. Is there a railroad employee in the country to-day that believes that his interests will be subserved by the restoration to power of this repudiated Democratic party, or that the policy of free trade will bring him and his family the comforts, to say nothing of the luxuries, of life? But, sir, what is true of this great branch of business of the country is equally true of all of the great manufacturing interests and agriculture as well.

Mr. Hopkins closed with a eulogy of the reciprocity feature of the bill.

John C. Bell [Col.] opposed the bill.

The Populist party believes that no tariff bill is fair, and that the system is unfair, unless you incorporate with it a graduated income tax which provides for the wealth of the country paying something for the advantages it receives. [Applause.] Our customs duties are amply sufficient to furnish a basis of such protection, and more than is necessary to preserve our wage scale if they could be equally distributed, and I take it that the war that is made upon the tariff is not a war upon the system itself, but is directed against the pernicious system of giving protection to one industry or to one community and making other industries and other communities go without protection.

Now, Mr. Chairman, let us look at this tariff question without losing ourselves in discussions of what the Democrats have done or what the Republicans have done. If we follow blindly in the footsteps of our friend from Illinois who has just taken his seat [Mr. Hopkins], we shall think that the population of this country, the births and the deaths, all stop when the Republican party goes out of power. [Laughter.] Let us look at the facts. The tariff question has been greatly obscured by the professional politician and the stump speaker calling a tariff on imports, when made into law by the Republican party, a "protective" tariff, and calling the same tariff, when enacted by the Democratic party, a "free-trade" tariff, or "a tariff for revenue, with incidental protection," which is the same thing under a different name. Then when the Democrats put an article on the free list the Republican party shouts "Democratic free trade!" while at the same time, when the Republican wants to put it on the free list, he has a little scheme which he calls "reciprocity," but which is simply free trade in its most cunning form, under another name, and by this device the Republicans sometimes even bribe other countries to join in free trade with us. [Laughter.]

Now, I wish to say this: With but few important and distinct exceptions, such as some raw materials and specific instead of *ad valorem* duty in part, and ignoring the income tax, there is no more difference between the Gorman-Wilson bill in principle and this bill than there is between tweedledee and tweedledum. And the changes are in the main against the struggling masses. Let us see about this. For the income tax, provided by the Wilson-Gorman bill in order to lighten the burden of the poor and require the rich to contribute to the protection of their own property, is substituted in this bill a tax on every pound of sugar and on every stick of lumber and every sack of salt—upon everything that is consumed.

The difficulty is not so much in the theory of our protective system as in its flagrant abuse and the influence of great aggregations of capital and favored industries. Protection is always asked in the interest of others. Now, observe how it is asked in behalf of the poor laboring man—just enough to cover the difference between the European scale of wages and our own. What hypocrisy! Who ever heard of the laboring man getting rich manufacturing? The statisticians clearly figured from the census of 1880 that about 6 per cent. on our dutiable list would cover the difference between the European wage schedule and ours. While the manufacturer then asked for the poor laborer

his 6 per cent., he got for himself at the hands of Congress six times 6 per cent.

The great English statesman, John Bright, said in the debates in Parliament that the rich man paid only 1 per cent. of his income in protective tariffs, while the wage worker—the poor man—paid 20 per cent. of his wages. And that was probably the foundation of the principle of the income tax in Great Britain, to even up what the wage earner paid out of his income with that which was paid by the rich man out of his.

John Bright said that "wages in England had increased 40 per cent. since the system of free trade was introduced there in 1846." Adam Smith said that wages in the United States when we had free trade were 100 per cent. higher than in England at the same time and when England had the high protective-tariff system.

"Give the American workmen the home market" is a deceptive outcry that is showered incessantly upon the ears of every voter; but your laws give the American labor market to the lowest responsible bidder of the world, excluding the Chinese only.

As long as we have free trade in labor, the wage worker must be injured rather than benefited by a high tariff.

Now, Mr. Chairman, in conclusion, it is vain for us to protest against the passage of this bill as your cherished remedy; but we predict that until you legislate some for the consumer and laborer, who are powerless to protect themselves, the masses will continue to go into bankruptcy, and the army of the unemployed will continue its tramp in search of work. What the people want is the money of the Constitution, a free competition in our own country, and a fair chance in the markets of the world for all the people and for all of our industries.

E. W. Carmack [Tenn.] opposed the bill. He spoke chiefly on the delusion of the protectionists that the tariff increased home markets.

The farmer must sell his products in open and free competition. The price of every bushel of wheat and of every pound of cotton sold in this country is fixed by the price of the surplus in Liverpool and by the competition of the most degraded pauper labor on earth. No tariff law can prevent the competition of the Russian peasant, the Indian ryot, and the Egyptian fellah with the American producers of the field and farm. The farmer, while thus compelled to sell in open competition with all the

world, must buy the necessaries of life in a market where protection laws exclude competition from abroad and trusts and combines have strangled competition at home. He is thus ground between the upper and the nether millstone of competition and monopoly, and crucified between the foreign pauper and the American thief. [Laughter and loud applause on the Democratic side.]

Is it possible, Mr. Chairman, for any sane man to even hope for the time when all our agricultural products will be bought and consumed at home? By what process is this to be accomplished? Gentlemen tell us that by "fostering American industries," by encouraging the building of mills and factories, we will increase the number of consumers of American farm products. But there is a limit beyond which we cannot pass in this matter of creating consumers by developing manufactures. The manufacturers themselves must find consumers for their products, and whenever they reach the point that they can find no more they have reached the limit of their own capacity to consume the products of others. I believe it is true that in nearly all the great branches of industry in this country there is a capacity to produce in six months more than the American people can consume in twelve months. Sir, American industry has already grown so great that it can grow no more until it breaks down the walls that confine it to one country and goes out upon the sea. [Applause.]

Sir, this country is not large enough, the wide world is none too large, to give ample scope for the genius and enterprise of American industry. The greatest protection to American labor is that which the American workingman has within himself—his superior skill and productiveness, his energy, his intelligence, his industrial prowess, which make him more than equal to any competitor the world can send against him. Mr. Blaine demonstrated a great truth when in his Report on the Cotton Goods Trade he showed that, while the American operatives received a higher wage rate, they turned out more goods for every dollar they received than any other workingmen on earth, and that, in fact, their labor was cheaper to their employers than the labor of European operatives. The same is true in practically every branch of trade and industry.

On March 23 John L. McLaurin [S. C.] opposed the bill, chiefly because of its discrimination in favor of manufacturers against farmers, especially the planters of the South.

Mr. Chairman, it is claimed that the manufacturer, by reason of his investment in buildings, machinery, etc., should be encouraged in his enterprise, and to a certain extent insured against loss. Just why this class should be selected for Government favor I am unable to conceive. The census shows that there are more farmers than manufacturers and operatives, with nearly three times as much invested in lands, buildings, etc. Why is the investment of one class more sacred than that of another? Why should one be favored by legislation and the other neglected?

Mr. Chairman, there is no such thing in commerce or exchange as a raw material. The very moment that the hand of labor touches it it ceases to be a raw material, and so far as this laborer's effort goes becomes a finished product. [Applause.] The rough and muscular arm of the miner who takes the iron ore from the bowels of the earth is as necessary to the manufacture of the delicate mainspring of my watch as the skillful hand which finally fashioned it. While the mainspring was the finished product of its maker, the iron ore was no less a finished product to the miner. Cotton and wool are classed as raw materials, while the fact is, they are indeed a finished product. I venture the assertion that the labor, time, and money expended in selecting, grading, and bringing to its almost perfect state the fiber and texture of our present wool and cotton have been more than has been expended in perfecting all the manufacturing machinery in this country. Then why, I ask, are the fostering arms of the Government thrown about the one while the other is made to shift for itself?

Again, is the cheapening of the manufactured article through free raw material or the lowering of wages really a benefit to the people? I contend it is not. The tyranny of money is at the bottom of cheap production. When the East had, through its protected industries, plundered the balance of the country of nearly all its stock of money, it instituted a series of congressional enactments which doubled the purchasing power of every dollar.

It is this monopoly of money and manufacture that we of the South especially meet face to face in all of our productive efforts. And it is this monopoly that would be broken to a certain extent if equal rights were extended to each and every industrial enterprise regardless of place or kind. It is this monopoly that has cheapened production at the expense of labor and raw material, and which will continue to exercise this power until we of the South awake from our present theoretical dreams

and grapple with the stern realities that confront us. The census gives some facts that should not pass unheeded. While manufactured products increased from $5,249,000,000 to $9,054,000,000, or 69 per cent., the product of raw material increased from $3,395,000,000 to $5,018,000,000, or 47 per cent. No one will deny that the raw material increased in volume as much as the manufactured product; in fact, the census confirms that proposition. Why, then, should it not increase equally or more in value? To me the reason is plain—agriculture was plundered by this monopoly of money and manufactures. As long as the country is to be controlled by a system of protective duties the application of the doctrine of free raw material will, in my opinion, result in agricultural disaster. The farmer who takes a hide to town and exchanges it for a hitching strap gets a fair idea of the benefits of selling free hides and buying protected leather. [Applause.] Viewed in any light, considered from any standpoint, the doctrine of free raw material cannot with profit to the producer obtain while the finished product remains protected by customs duties.

Jonathan P. Dolliver [Ia.] supported the bill. He denied that sectional influence had been heeded in the preparation of its schedules.

No man has asked, "Where is this industry or that?" The only question has been, "Is this an American industry now suffering or likely to suffer a damaging foreign competition?" and with impartial consideration we have tried to bring the law to the rescue of every interest, whether of farm or mine or factory, in every State.

The movement of our industries, I will say to my friend from South Carolina, is west and south. Iron and steel, cotton and woolens are going west and south, drawn by natural forces which in the long run will set the finished output of labor by the side of the great resources with which it deals. But that will not do any harm to anybody. If the new cotton loom goes south, as it has gone, and as it is going, into the very heart of the State of South Carolina, New England will not take alarm, for the old cotton loom, in the hands of the skill that turns the fiber into textures as fine as woven silk, will remain on the banks of the busy river where the protective tariff first established the cotton weavers' art in America. [Applause.] If the woolen mill follows the sheepfold into the interior, as it undoubtedly will, nobody will be harmed, for the training and experience of

the old woolen factory will go on to that perfection which will one day tempt even the dudes of the United States into the experiment of wearing American clothes. [Laughter and applause.]

There is another thing about this bill that suits me and that I think will suit nearly everybody whose attention is called to it, and that is the effort we have made to convert the existing *ad valorem* rates into a specific statement of the dutics levied.. With an *ad valorem* rate no possible diligence can prevent inequalities almost as numerous as the imported cargoes, and business, instead of being a fair competition, becomes a mere contest of skill in the falsification of invoices. It is even worse than that; for, in the case of goods consigned and not sold directly to the trade, the invoice is useless and the mercantile community, especially of the interior ports, suffers a ruinous injury. These abuses adhere from necessity to any levy of duties on the basis of foreign values, and for that reason the *ad valorem* system has been condemned by nearly every secretary, without regard to party, from the beginning of the Government.

Again, I am in favor of this bill because its aim is in a practical way to increase the aggregate revenues of the United States. The transition of our affairs from the embarrassing affluence of Mr. Cleveland's first administration to the ragged edge of bankruptcy in the last presents an aspect almost comic and grotesque. The burden and misfortune of the years, it is true, are somewhat lightened by the American sense of humor which has been able to see and realize that the President's breathless proclamation against the surplus of 1887 has ever since appeared in Democratic newspapers and orations as a part of the general assets of the treasury. [Applause and laughter.]

Here Mr. Dolliver dwelt at length on the financial panic during Cleveland's administration.

James G. Maguire [Cal.] asked the speaker to account for the industrial depression between 1875 and 1878, "under the highest protective tariff that any country ever had up to that time—a depression which Mr. Carroll D. Wright, in his report, says was the severest depression we ever had before or since."

Mr. Dolliver.—Well, Mr. Carroll D. Wright ought to be out in some parts of the country now. [Laughter.]

Mr. Maguire.—That is the retort which is always given to that question.

Mr. Dolliver.—I wish to finish my speech. I am not ambitious to compose a catechism; but I will say to my friend that, as I understand, the panic of 1873 was produced by the depreciation and disorder of the currency of the United States.

Mr. Maguire.—I admit that as a cause which operated for two years before the commencement of the panic in 1875.

Mr. Dolliver.—But that it disappeared and remained out of the sky of our politics from the day that the American dollar was of known and stable value throughout the world. [Applause on the Republican side.]

I say that, without regard to the character of the legislation proposed by the Congress, the mere election, the success of the threat at the polls, was enough to account for all that followed.

Mr. Chairman, there are no miracles in the everyday business world in which we live. It is a steady, arduous, difficult, and often discouraging movement. Congress can do something both for and against, but not everything either for or against, though vastly more against than for. If the American people ever get their prosperity back, it will come by their own individual enterprise and courage, not by edict and proclamation, but by the honest and careful settlement of conditions favorable to industry and investment. If William McKinley has been described as an advance agent, hastening to the seat of government in order to deliver prosperity to the people from the east portico of the Capitol in a few well-chosen words, the conception belongs to the world of dreams, and not to the earth on which we live. No man bears any such relation to the prosperity of a great people; but a man may stand, and I reverently believe that William McKinley does stand, as the chosen instrument in the hand of Providence to restore in the United States a public policy under which the American people have never yet failed, by their own hard work, to secure, out of the resources of their own country, a fair level of prosperity, a reasonable reward for their labor, and a reasonable dividend on their investments. [Continued applause on the Republican side.]

On March 24 John Sharp Williams [Miss.] opposed the bill. In replying to Mr. Dolliver he said:

The gentleman from Iowa, who has done as much as any man in this House to reproduce its old-time oratory, whose

high-flown periods of eloquent diction wrestled with an acute sense of humor for the mastery, "yearned for the factory bells calling millions back to work." May I ask the gentleman from Iowa, and through him the country, why he desires, or why anyone should desire, to open the mills? The object in opening a mill is to manufacture something; the object in manufacturing something is to sell something; the object in selling something is to make a profit out of it. Of what use, then, is it to open the mills if the mills have, already manufactured in their warehouses, more goods than they can sell to the jobber, although they offer them at the cheapest prices which have ever prevailed in the history of the world, and when the jobbers have on their shelves under the same conditions more goods than they can sell to the retailer, and when the retailer has on his shelves under the same conditions more goods than he can sell to the consumer, and when the consumer is hungering and is shivering for want of the goods for which he yearns, but which he cannot buy?

Mr. Chairman, how can increased duties upon manufactured articles aid the capital or labor engaged in manufacturing, except by increasing prices, and how can increasing the price enable the consumer to buy more goods than he is able now to purchase at the lower price? And how can it be said that the trouble with American manufacturing consists in foreign competition, when that competition is less to-day than it ever was in the history of the Republic? How can it be said that the distress of the laboring man engaged in manufacturing is due to the fact of the "importation of foreign goods made by the pauper labor of Europe," when the real fact is that importations are to-day less, comparatively, than ever before, and are growing day by day less and less, notwithstanding increased opportunities to import? The startling fact stands out, like Banquo's ghost, not to be downed by any amount of sophistry, by any amount of eloquence, by any amount of humor, or by any amount of false statement, that the volume of foreign goods imported into the United States during the last fiscal year was $160,000,000 less than the value of the importations during the fiscal year 1893, which was itself a year of restricted importations. Look on that dagger-like fact! [Applause.]

The gentleman from Iowa was right about one thing, which he said in reply to the gentleman from South Carolina; this tariff issue is not a sectional issue. It is a class question. A protective tariff proceeds upon the assumption that the manufacturing class is born booted and spurred to ride, while the

agriculturists walk; that the right exists to tax the capital and labor engaged in agriculture in order to give artificial, law-bred prosperity to the capital and labor engaged in manufacturing.

A tariff tax may legislate money into the pockets of an individual or class of individuals, but it must first legislate it out of the pockets of other individuals or other classes, for the simple reason that the money must be gotten from somewhere before it can be given anywhere. As a Democrat who believes in free trade, or the nearest possible approach to it, I rejoiced in the passage of the Wilson-Gorman bill. Not because the tariff features of it were Democratic—for, on the contrary, they were protective—but because the act contained the income tax, and I regarded the passage of the income tax in time of peace as the first step on the high road toward a system of raising revenue for the Government from the net accumulations of wealth rather than from the backs and bellies of the people. There was within it a germ from which something approaching free trade might have come by evolution. But

> Of all sad words of tongue or pen,
> The saddest are these: "It might have been!"

Since one Shiras[1], of the land of Pennsylvania, on the way to the goal—the Damascus—of plutocratic desire—a nullification of the income tax—saw suddenly a light or vision or something, even this germ has disappeared [laughter], and it would seem that we are condemned permanently to tariff taxation for Government revenues.

Benton McMillin [Tenn.] opposed the bill.

Mr. Chairman, after a careful and painstaking examination of this bill, I do not hesitate to declare it the most unconscionable effort at legislative robbery ever attempted upon a people. Neither the great fire of Chicago nor of Boston, nor the fearful flood that now devastates the Southland, could begin to compare with it as a calamity.

Mr. Chairman, this bill carries not only higher rates of duty than the present law, and higher rates than the McKinley bill, but higher than any law ever passed by an American Congress or groaned under by an American people. Sir, not only is the bill itself higher, but the different schedules average above those of the McKinley bill.

[1] See page 409.

My friends, I might go on illimitably with these things, but I have stated enough to let you see what are the unconscionable rates of duty proposed by this measure. This bill is not a tariff for revenue. It is not a tariff for revenue with incidental protection. It is not a tariff for protection with incidental revenue. It is intended to be a tariff for protection with accidental revenue. [Laughter and applause.]

Sir, in answer to the statement which has been made in this debate, that these deficiencies were created by the Wilson bill, I will incorporate in my remarks a statement showing that before Mr. Charles Foster retired from the office of Secretary of the Treasury he ordered new plates to be prepared, in order that the bonds, which were afterward issued in another Administration, should be issued.

CHARLES H. GROSVENOR [O.].—I hope the gentleman will not again put that old story in circulation. It was false in its origin, and it is false to-day.

MR. MCMILLIN.—I know it has been denied so often that a lot of gentlemen will go down to history as lineal descendants of Ananias if they do not take care, the only difference between them and Ananias being that Ananias told his story to get out of trouble and hold the plunder; they tell theirs in cold blood and for the sake of political advantage. [Applause on the Democratic side.]

Mr. Chairman, the principles of government adopted by our fathers are all-sufficient if their original purity and wisdom are retained. We have the most beautiful and yet the most delicate system of government ever devised for the happiness and prosperity of man. The powers of government are so distributed between the general Government and the States as to make despotism impossible without this distribution is disregarded. It has weathered the storms of a century, and under it the American people have flourished and progressed as no nation ever did in the history of our race.

I have hoped that by this wonderful contrivance we may escape the wreck that has followed the other republics of the world. But if the agencies of government are to be prostituted, if favoritism is to originate in the committee room and be promulgated from this hall, if every man's vocation is to be regulated here, if every man's business is to be dictated here, a Solomon with all his wisdom could not do the work, and we must fail as the other republics of the world have failed. But, my friends, I am a believer in the doctrine that right and correct principles of government will survive. May the merciful God guide the

wise heads and patriotic hearts of the American people, that our flag shall float in triumph for all time and constitutional government be the everlasting inheritance of the American people. [Prolonged applause on the Democratic side.]

Joseph H. Walker [Mass.] supported the bill. He denied that the tariff was a tax.

Now, the fact is that what you are talking about as a tax is no tax at all. It is simply a devise for the equitable distribution of the wealth of the country. What was our experience during the war? Notwithstanding the immense taxes that were collected in this country, those taxes, being disbursed here, did not impoverish the country a farthing. The energy that was incited in our people, the immense impetus that was given to manufacturing, was such that we were richer after expending those immense sums than when the war began. The same thing, as Mr. McDuffie says, was shown in the case of England during her long wars.

Can you gentlemen on the other side learn nothing by experience? You talk about taxation. Not a single speech has been made on your side that has not practically declared, and often in direct terms, that taxation is legalized robbery. That is the whole burden of your speeches—that there ought to be no taxation, and that if the country would give you the power you would have no taxation. You denounce the collection of taxes of every name and nature; you call it "robbery," instead of what you know it is—simply the public expenditure by the Government for us of the money collected, because it can thus be done more economically than we could expend it individually for ourselves.

You know that a protective tariff is the same thing to a country that coal mines and waterfalls and other natural advantages are. You gentlemen on the other side are willing to walk over the surface of the earth, and not use these natural advantages, while you denounce the men who do use them and want conditions to increase their use.

On March 25 Champ Clark [Mo.] opposed the bill.

Mr. Chairman, as an American citizen, in sympathy with the great body of the people and with five persons whom it is my duty and pleasure to support, I am dead against this bill. It is a vicious, a monstrous, an unnecessary measure. [Ap-

plause.] As a Democratic politician, I will rejoice at its passage. You are delivering yourselves into our hands. This bill in the days to come will compel every merchant in the land, Democrat, Republican, or Populist, to make a Democratic stump speech every time he sells an article over the bargain counter. [Laughter.]

Here Mr. Clark discussed the question of agriculture.

Protect the farmer, do you? You undertake to protect the sheep farmer on his wool! You are helping the sheepmen with a vengeance by putting a tax of 35 per cent. on sheep dip!

Go to your people and tell them the truth. Say to them that the awfully bad Fifty-third Congress—and I will admit that it was not as good as it ought to have been; there were too many traitors in the camp—tell them that the Fifty-third Congress put agricultural implements on the free list [applause], while you have undertaken to benefit the farmer by putting upon all such implements a tariff duty of 45 per cent.—that is to say, a reaper which now costs the American farmer about $80 will, under this bill, cost him about $120. But it does not make any difference how much his reaper costs him, or his plow; he can look to Governor Dingley and the gentleman from New York [Mr. Payne], and the rest of the leaders on this floor, and thank his Maker that he has got catgut, whip gut, and worm gut free. [Laughter.] His harness will cost him 45 per cent. more under the Dingley bill than under the Wilson-Gorman bill, but he can console himself with the blessed thought that cocculus indicus is free. [Laughter.]

Now, I understand perfectly that it is a difficult thing to drive an idea into a Republican's head. But such arguments as a raise of 45 per cent. on everything a Republican farmer uses in his business will finally lead him to see the light and convert him from the error of his way. He cannot raise wheat, corn, oats, barley, and hay now at a profit. In what condition will he find himself when he gets no more for his products, for, tariff bill or no tariff bill, he must still sell his stuff in the open markets of the world in competition with pauper labor? [Applause.]

You want more revenue, do you? You have no business with it. [Applause.] There are two ways of making buckle and tongue meet. One is to cut down expenditures [applause]; the other is to increase the revenue. You Republicans over there never seem to dream of cutting down expenditures. One of the

chief differences between Republicanism and Democracy is that Democracy means economy, and Republicanism means extravagance run riot. [Applause.]

Jerry Simpson [Kan.] opposed the bill. He replied particularly to Mr. Walker.

Mr. Chairman, I am a farmer. I farm the farms; I do not farm the farmer, like a good many other statesmen. [Laughter.] I have heard very much said during this discussion to the effect that this bill is in the interest of the farmer and the laboring man. These "cheap johns," ready-made, "hand-me-down" statesmen [laughter] talk about the "farmer" and "the laboring man" as though the farmer was not a laboring man. If the farmer's interests as a laborer are not greater than they are in any other direction, I do not know anything of the farmer or farming. If there are any people in this country who rise earlier in the morning, who work earlier and work later than the farmer, and the wife and the children of the farmer, I have not yet discovered them.

I want to know if these gentlemen who know nothing of the farmer or the farming interests of the country, and who talk so knowingly of them, know the facts that to-day there is a great agricultural interest; that all of the agricultural products we produce, or the great surplus of the farm, must find a market abroad, and that that surplus and the market abroad determine the price of the commodities produced in this country, so to speak; that no tariff that does not make adequate provision for this condition of affairs could be of any benefit to the great masses of the people of this country, and that, if they will scan the provisions of this bill closely, they will find no single provision in it to benefit the farmer; but, on the contrary, there has been a studied neglect so to do?

Now, the cattle industry of the country is a great one in connection with agriculture. We import into this country an enormous quantity of hides every year. I note that you have left hides on the free list. If you had put a reasonable tax upon hides in comparison with the other taxes in this bill, you would have put directly into the pockets of the agricultural class in this country not less than $30,000,000. Yet you put hides on the free list and a duty of $1.50 a ton on straw, which does not benefit the farmer at all.

Now, in principle and in practice, where my vote ever counts, I am a free-trader without any string to it. [Applause.]

I favor the raising of revenue in the way that every government ought to, by a system of direct taxation [applause], so that every man would know exactly what he was paying and what he was paying it for.

Now, the only reason that I voted for the Wilson bill in the Fifty-third Congress was because it had the income-tax provision. The Populists stood here for eight days refusing to vote to make a quorum, until they agreed to put that tax in the bill, and then we voted for it.

But, Mr. Chairman, there is another fund to draw from that would give us a more equitable system of taxation than any heretofore applied to the affairs of mankind, a system that would give us more than enough revenue and at the same time prevent the monopoly of land and open to man these natural opportunities and release to him the free gifts of God to all. I mean the single tax.

John Dalzell [Pa.] supported the bill. He particularly opposed the view that trusts were based upon the protective tariff.

Mr. Chairman, in our own country the trusts with which we are most familiar are not in the protected industries. For example, the Standard Oil Company deals in an unprotected article. So does the anthracite coal combination. So far as the sugar trust is concerned, it does not seem to make any difference to it whether there is a duty on sugar or not or what that duty is.

Not to further trespass upon the time of the committee, let me sum up what I have to say on this subject.

First. Trusts are unlawful at common law and under our statutes. They are therefore indefensible.

Second. They are not attributable to protective tariffs. They flourish in free-trade countries, and in our country they are most conspicuous in nonprotected enterprises.

Third. They grow as an abuse out of modern economic conditions which favor the conduct of business by the method of combination of work and capital rather than through the medium of individual enterprise.

So that, in a word, they err who use the existence of trusts as any argument against a protective tariff.

This tariff question, after all, is simply a question of labor. There is no wealth save that which comes from labor, and, if that proposition be correct, then the tariff is simply a question

of labor, and, if it be true that it is a question of labor, then it is a question of wages.

Why, our friends on the other side of the House suggest that the skill of the American workman has naught to fear from the skill of the workman from the other side of the ocean, from Europe or from Asia. That may be true. But what the workman of America has to fear is the putting of American environment against the European or Asiatic environment, and subjecting him to the same conditions that in those environments prevail. The old theories as to wages have long since been exploded. The wage-fund theory, who believes in that now? The measure of wages, the standard of wages, is what will bring to the laborer the necessaries of life according to the environment in which he lives. American wages are such as are necessary to maintain an American in an American civilization, according to the requirements of American manhood. [Prolonged applause on the Republican side.]

Underlying American civilization is the principle of the political equality of individuals. So much granted; then it necessarily follows that upon the intelligence and worth of the individual rest the character and stability of the State. That which secures to the State good citizenship secures good government. And, if that be so, then the character of our civilization, the welfare of the body politic, and the future of the Republic depend upon the social condition and advancement of the individual. But the social condition and advancement of the individual depend upon his freedom from competition under unequal conditions with a civilization lower than his own. [Applause on the Republican side.]

Sereno E. Payne [N. Y.], of the Committee on Ways and Means, supported the bill. He discussed its various schedules, and closed with an appeal for an early vote on the measure.

Every day of delay means an enormous loss of revenue to the treasury; but it means more than that. It means another day of closed factories, of silent machinery. It means another day's loss of wage to thousands of workingmen, a loss never to be made good.

Will prosperity come with the dawning of the day following the passage of this bill? you mockingly ask. Will the remedy work an immediate and radical cure? Do you forget that the country is desperately ill; that it has been cursed by your in-

excusable quackery almost beyond recovery; that business is ruined, confidence destroyed, credit gone, and labor paralyzed? We make no pretence of working miracles. It will take time, as well as this wise legislation, to bring full relief. We have been traveling the down grade for four years; we cannot get back in a day.

Pass this bill, and I believe that the blindest of you will see a change for the better. Slowly but surely it will come. You will not acknowledge it at first. I remember how some of your predecessors in 1891 would walk through a tin-plate mill and, witnessing the whole operation, come out into the sunlight and swear that tin plate could not be made in this country. Some of you will deny it when the full tide of prosperity is upon us. But your wails will not be heard. A busy people will pass you by, as you sit by the wayside croaking about an income tax, the wickedness of our courts, a tariff for revenue which brings deficiency and disaster, and the everlasting glories of Turkey's system of *ad valorems*. [Loud and prolonged applause on the Republican side.]

On March 31 John M. Allen [Miss.] spoke in opposition to the bill.

Mr. Chairman.—Up to this time I have refrained from participation in this debate. The people of the United States all know my position on the subject of tariff taxation [laughter and applause], and I preferred to allow members of less prominence [laughter] to air their views rather than take the time of the committee myself. But the country does not seem to be satisfied with the character of the debate we have had [laughter], and I feel impelled to yield to the public demand and come from my modest retirement to the front in this discussion. [Laughter.]

Now, the first proposition made by the Democrats when the reading of this bill was commenced for amendment was to incorporate an amendment that would deprive trusts of the benefit of the protective features of the bill; and then began the most remarkable exhibition of parliamentary quibbling and dodging that was ever witnessed in a parliamentary body. [Applause on the Democratic side.]

It was contended and ruled that that was not the time, and that the place in the bill where such an amendment would be appropriate had not been reached. But the trouble is we will never reach the time or the place for the Republican party to

commence smashing trusts; it owes too much to the trusts to do that. [Applause on the Democratic side.]

A word or two with my brilliant friend from Iowa [Mr. Dolliver]. You all heard him the other day, in concluding his great speech, say that this idea of McKinley's bringing prosperity was a mere dream. Did you all understand that this was an effort on his part to hedge against one of his brilliant predictions of a year ago? You see he is the man who first spoke of McKinley as the advance agent of prosperity. [Laughter.] He now finds that his advance agent is too far ahead of his show. He has seen the country go from bad to worse since McKinley's election. He sees that the banks continue to break; that the business depression gets worse, and that wheat and cotton and almost everything else not controlled by a trust are going down. There have been more than 4,000 failures in the United States in the last three months, with liabilities of more than $60,000,000, and in the number are included 74 banks. Cotton has gone down more than a cent a pound since the election, entailing a loss on the people of the South of fully $40,000,000.

No wonder Mr. Dolliver wants to hedge against his prophecy of McKinley and prosperity and have the people accept it as a mere dream. [Laughter.] I once saw a little boy caught in a story by his mother, and, when it was proven on him, he said, "Why, ma, can't you take a joke?" [Laughter.]

Since Mr. Dolliver has been found to be a more brilliant than reliable prophet, he says: "Can't you all take a dream?" [Laughter.]

Here Mr. Allen replied to the speakers who had dwelt upon the sectional animosities of the South. In conclusion he said:

The South has learned some hard lessons in the bitter school of experience. Our people are not tramps, but they are at work; they have learned to live at home; they decline your proffer to enter into a scheme of public plunder in order to secure a small division of the stolen goods. [Applause on the Democratic side.] We do not believe in your scheme of legislative robbery, and we will not go into it. All we ask of the North is that it will keep its tramps at home and keep its hands out of our pockets. [Applause.]

After a discussion of the separate schedules of the bill it was passed by the House on March 31 by a vote of

205 yeas to 122 nays. On April 1 the Senate referred the bill to the Committee on Finance. On May 4 Nelson W. Aldrich [R. I.], chairman of the committee, reported the measure with amendments. On May 25 Senator Aldrich explained and supported the bill as amended by the committee.

The Dingley-Aldrich Tariff Bill

Senate, May 25-July 7, 1897

The committee believe that in the reductions they have suggested from the rates imposed in the House bill they have not gone in any instance below the protective point, and if the bill should become a law in the form presented by them every American industry would be enabled to meet foreign competition on equal terms; that is, so far as this equality can be secured by tariff legislation. The rates suggested by the committee's amendments are considerably below those imposed by the House bill, and in most instances below those contained in the act of 1890.

In suggesting these reductions the members of the majority of the committee reaffirm and emphasize their position a friends of the protective policy. The ultimate purpose of thi policy is to secure, as far as this is possible by wise and conserv ative legislation, the steady growth and development of all interests—agricultural, manufacturing, and commercial. The provisions of a tariff law affect all these interests in numberless ways, and unless there can be stability in tariff policy there can be no assurance of continuous prosperity.

Industrial conditions in this country, with very few exceptions, do not demand a return to the rates imposed by the act of 1890. The bitter contest which is going on among the leading nations of the world for industrial supremacy has brought about improvements in methods and economies in production to an extent which was not thought possible a few years ago. These new conditions must be taken into account in considering the rates to be imposed.

Without relinquishing one particle of our devotion to the cause of protection, we feel that we have a right to ask that the cause shall not be burdened by the imposition of duties which are unnecessary and excessive. In the readjustment of rates suggested the committee have tried in every instance to make

them sufficiently protective to domestic interests without being prohibitive.

The speaker then discussed the schedules of the bill in detail.

The Senate at once applied themselves to the consideration of the measure, discussing the various amendments and voting upon them. At times general principles were discussed in connection with particular schedules. Thus, on June 8, Donelson Caffery [La.], in discussing the tariff upon cotton manufactures, said:

When a Democrat plants himself upon a tariff for revenue only, he comes as near to being a free-trader as the Constitution of the United States will permit; and that is the sort of a Democrat I am. Free trade has no terrors for me—not one particle—and I believe that, when the manufacturing interests of this country develop into larger and greater proportions than they now have, the enlightened self-interest of New England itself will take the initiative step in the direction of free trade in cotton and other manufactures. Under present conditions the tariff must rest upon imported articles. In placing a tariff upon imported articles it is essential, in order to follow out the creed of Democracy, announced in every convention, in every platform of the party, if not expressly, by necessary implication, that the tariff should be placed upon articles which produce most revenue with the least burden to the people.

When the Senator from Rhode Island got up and confessed the failure of protection, it occurred to me that he had a forecast of the doom to come of his protective theories. He had to borrow the Democratic principle for revenue in order to eke out a surplus necessary to uphold the credit of the nation; he had to go to the rejected article of sugar; he had to go to beer, and also tea—to place a tariff upon tea and beer, to be retained until that blessed time shall come when an overflowing treasury can dispense with them, confessing weakness, confessing the inability or incompetency of a tariff based upon protective principles to meet what the Republican party deems a public exigency.

On June 9 Roger Q. Mills [Tex.] dwelt at length on the injustice of various rates which the bill contained.

Mr. President, we have been listening for two months to the efforts to adjust and readjust, and unadjust and readjust again,

the relative claims of the beneficiaries who are to share in the monumental trust fund that this measure is intended to raise.

Where is this money to come from? I look upon the rates of taxation in this bill with the profoundest astonishment, and ask you where this money is to come from? Commencing at the very beginning of this measure, I find that you have put a tax upon boracic acid of $126.89 on $100 worth of that product. Who is to pay it? What right have you to take the property of the taxpayers of this country and distribute it among the men who own boracic acid?

Here are some, and only some, of the rates of taxation imposed upon the necessaries of life:

The speaker here read a long list of articles, with their respective rates of duties as fixed by the Senate bill. Among them may be mentioned: Alcoholic compounds, 349.27 per cent.; sulphuric ether, 318.33 per cent.; window glass, 126.46 per cent.; cutlery, 111.05 per cent.; rice, 133.33 per cent.; salt, 114.23 per cent.; blankets, 125.95 per cent.; wool shawls, 171.15 per cent.; felts, 224.55 per cent.; carpets, from 80.22 to 164.17 per cent.

I want to fix the attention of the country, if possible, to this stupendous system of legislative rapine and robbery. Two billion two hundred and ninety-three million dollars annually goes to the beneficiaries of this fund, to the protected classes, contrary to the doctrine of liberty as written by Massachusetts, contrary to all the teachings that are written in Virginia, contrary to the teachings of our fathers from that day to this; and the attempt to bring this idol into camp and compel us to uncover our heads and bow down and say our prayers to this god of Dagon will not be accepted in the Democratic camp, no matter where it comes from. When you attempt to bring this Philistine idol into our temple and compel us to worship it, if it does not fall down like the statue of Dagon fell before the Ark of the Covenant, the American people will kick it down, and then kick the life out of it after it is down.

What is the reason for this harsh, oppressive, and destructive measure? Why is it that these enormous exactions are demanded? What cause exists for it? The revenues are increasing. The Government treasury is full to overflowing. We know of no such instances of taxation in any of the States or in any of the cities. Go to the great city of New York, the

great city of Chicago, or any other great city, and you do not find the tax rate over 3 per cent.; and, if it does go beyond that, it almost raises a revolution. Why is it that the people resent a 3 per cent. tax in the States and submit to a tax of 300 per cent. by the national Government? Because the tax in the States is levied upon wealth and every man knows when he pays his tax that he is paying it upon his property, and there is a boundary beyond which no government can pass. But here this taxation is indirect.

Raising money by taxation to give to favorites is a scourge to the people and exhausts the strength of the Republic. It has already built up a tremendous power whose heavy hand is felt on legislation every day. It is felt everywhere. We see it at the ballot box. We see it in the executive and judicial departments of governments, and everywhere its repulsive features are scowling upon our institutions and threatening their overthrow.

Of what use was it for our fathers to warn us against perpetuities, monopolies, entailments, and primogenitures? Why did they tell us in the early constitutions that they were against the genius and spirit of a free people? And yet they have hung those signboards all along our path.

We are casting our pearls away faster than our enemies can gather them. We are turning dead ears to the voices that come to us from Massachusetts and Virginia that our Government is for free men, for the preservation of our natural rights, for the security of our happiness and well-being, and not for the profit of any one man, or family, or class of men. Our ship is driving upon the rocks, and, unless we seize the helm and change its course, the historian will emerge from the darkness to write the melancholy pages of the decline and fall of the great American Republic.

On June 14 Richard F. Pettigrew [S. D.] supported an amendment to the bill, which he had previously offered, abolishing duties on trust-controlled articles, and providing for legal proceedings to determine what articles were of this nature.

Mr. President, our civilization is founded upon the theory of evolution, upon the doctrine of the survival of the fittest, upon the law of competition, and is opposed to socialism. We say, as far as is consistent with the existence of protection under the law, let man, untrammeled and unrestrained, work out

his destiny. The result of this theory in the past was feudalism, or the supremacy of brute strength and physical courage, and its resulting paternalism. But feudalism, by the operation of the law of competition and evolution, destroyed itself by the subjugation of the weaker by the stronger and the creation of monarchical forms of government in its place.

To-day, under the operation of this law of competition, we are drifting toward socialism on the one side and plutocracy on the other. It is for us to say whether we will stop the march of events in their course, and make this again a government of the people, by the people, and for the people, or allow the present to crystallize and thus continue to be what we now are—a government of the trusts, by the trusts, and for the trusts—a plutocracy of artificial persons, sustained by bribery.

When the Republican party came into being as the advocate of protection to American industry by the means of a tariff, it wisely based its advocacy of the doctrine of protection upon the theory on which our civilization rests—competition—and declared that the building of American factories to supply the protected article would create competition and thus lower the price of the article to the consumer. In every campaign we have told the people the story of nails—how they were 6 cents per pound, and we put a duty on them of 2 cents per pound, and American genius and energy produced the machinery, and competition reduced the price, and nails sold for 1 cent per pound, and the Republican doctrine of protection was triumphantly vindicated.

Last year the nail trust was organized, and the price of nails rose from 1 cent a pound to 3¾ cents a pound, and thus the Republican theory of protection was completely overthrown. The same story can be told of almost every manufactured article in this bill. How to remedy this defect so as to justify a tariff for protection in the future is the problem which every Republican is called upon to solve. The two questions are so intimately connected that they must go together. No tariff bill can be defended that does not protect the people against trusts.

But you urge in opposition to my amendment that but part of the manufacturers may be in the trust, and that this amendment punishes the innocent with the guilty. But there can be no innocent persons, for the amendment provides that in order to be a trust the effect must be to restrict the quantity of production or increase the price of the article. Thus those not in the combination are the recipients of the benefits, and the willing recipients, or they would have prevented the rise

in price resulting from the trust. If the trust ceases to exist as to any article, the Secretary of the Treasury may commence proceedings to have that fact declared by the court, and the duty again collected.

If these remedies fail, we must resort, unless others are found, to the last remedy, that of public ownership.

This may take the form of public ownership of such natural sources of supply as anthracite coal mines and oil wells, or possibly the leasing of their operation to private companies; or it may take the form of public ownership and operation of all industries that have become practical monopolies. This remedy begins to loom up as a distant possibility, but is as yet too remote a contingency to come within the domain of practical politics. But of one thing we can rest assured, socialism is preferable to despotism, and the right of each citizen to enjoy the products of his toil must be maintained if we are to maintain our institutions.

These problems, Mr. President, are pertinent. We can no longer satisfy the American people by quarreling and by fighting a sham battle over schedules in a tariff bill. We have done that for the last several years, with first one party in power and then the other, until to-day the tariff issue has fled from our politics.

On June 15 Senator Pettigrew's amendment was tabled by a vote of 35 to 32.

On June 29 Benjamin R. Tillman [S. C.] proposed an amendment restricting immigration. Calling attention to the declaration of both parties in favor of such restriction, he said:

I am simply asking you, my Republican friends, and asking the Democrats, to vote here to give some value to American citizenship, and, as you stand here pretending that you value it, that you want to hold it up, that you want to maintain the price for it, that you do not want it to sink to the level of the pauper labor of Europe, it remains to be seen whether you will continue to allow the stream of a quarter of a million annually to pour into the American labor market, competing directly with our own people and with those foreigners who have preceded them for the work that is to be had, when there is no work here under the conditions that exist.

If you are honest protectionists and want to protect labor,

you cannot help but vote for this measure, or something akin to it. The mere pretence that you will restrict immigration to those who can only read and write is not sufficient, and will not go down with American laborers. It is not a question of being able to read and write; it is whether you can handle brick and mortar and whether you can go into a factory or not. Thousands and tens of thousands of these ignorant and degraded foreigners who have come to our shores and debauch our suffrage were the main instrumentality of carrying the last presidential election. I stood in the city of Chicago on the day of the election, and saw hundreds and thousands of them stand there waiting to be bought. These are the men who have brought this country to the verge of ruin, both from a business standpoint and from a political standpoint.

Senator Tillman's amendment was rejected by a vote of 3 to 48.

The amended bill passed the Senate on July 7 by a vote of 38 to 28. The House failing to concur in the amendments, a conference committee was ordered, which reported on July 19 a recommendation that a compromise be made on the amendments, and stated the advisable compromises in detail.

The Dingley-Aldrich Bill

House of Representatives, July 19, 1897

In presenting the report to the House Mr. Dingley, of the committee, spoke as follows:

The proposed tariff bill has been framed not only to secure adequate revenue, but also on protective lines with a view of encouraging American industries.

The object of the protective policy is to enlarge the opportunities for labor and to maintain a high standard of wages, and its yokefellow, a high standard of living for the masses. It rests on the assumption that that country is the most prosperous in which the standards of wages and of living are the highest. It assumes that the standard of living or purchasing power of the masses, which creates the demand for products and sets in motion the intricate machinery of production and distribution in modern civilized society, is dependent on the opportunities

to use their labor at good wages, and that these opportunities widen and wages rise as diversified domestic industries multiply and the production of whatever we want which can be made or produced here without natural disadvantage goes on at home rather than abroad. An economic policy which tends to destroy home industries in which no more labor is required for production here than abroad, or to reduce wages under the plea that the products of such industries can be purchased at a lower price abroad simply because our labor is paid higher wages, is destructive to prosperity, for the reason that nothing is cheap which deprives our own people of opportunities for employment of their labor and reduces the wages paid to labor.

Now, Mr. Speaker, the majority of the committee who have framed this proposed tariff bill believe that any economic measure whose effect is to transfer to Europe or other countries the making of articles which can be produced here without natural disadvantage can never produce anything but ruin to any country. [Loud applause.] We believe that when the protective principle is applied of imposing duties equivalent to the difference of the cost of production and distribution arising from our higher wages of labor, as proposed in the pending bill, and thus increased opportunities are offered to American labor, giving the masses a purchasing power which they have lost under the conditions of the past four years—a purchasing power which enables them to buy more of the farmer, more of the merchant, more of the manufacturer, and more of every producer in the land—then confidence will begin to return, prices will begin to rise to a paying point, and prosperity begin to set in upon the land. [Loud applause on the Republican side.]

Joseph W. Bailey [Tex.] opposed the bill.

Assuming for the sake of argument that the industries of this country have suffered from foreign competition, let us inquire how the framers of this bill have undertaken to correct what they consider a great evil. They have written it in the very title of their bill that one of its purposes is to prevent foreign manufacturers from selling their goods in American markets.

Mr. Speaker, I lay it down as an elementary principle of political economy that no government can encourage the industries of its people by discouraging the exchange of their products. Exchange is the great inducement to production, and whatever interferes with the freedom of exchange must ulti-

mately curtail production. In the nature of things no man would produce more than enough to satisfy his individual needs, unless he believed that he could find somebody to buy his surplus; and, if no purchaser for the surplus could be found or expected, each man would cease to labor when he had supplied his own wants. The right and the opportunity of buying and selling are the salutary and indispensable motives to produce, and it is the consummation of folly to teach the people of this country that their industries can be encouraged by abridging their right to exchange the products of their labor with the people of other countries.

Instead of employing our labor and materials in the production of commodities which can only be produced for the home market at a loss, it would be wiser to extend our commerce by exchanging what we can produce at a profit for articles which can be more cheaply produced in other countries, because profitable commerce is infinitely better than unprofitable manufacturing. [Applause.]

Remove your vexatious restrictions, and under the old motto of "Free trade and sailors' rights" we will fleck the waters of every sea with the white-winged messengers of our commerce and carry our flag into every region of the earth. [Applause.]

Here Mr. Bailey discussed the general principles of the Democratic party in relation to free raw materials.

It certainly was not regarded as late as 1885 as a departure from Democratic principles to resist the doctrine of free raw materials, because those who resisted it were Democrats then and have remained Democrats, while many of their former colleagues have abandoned our party. Of the four men who voted against free raw materials, Mr. Mills occupies a seat in the Senate as a Democrat, and Mr. McMillin is a distinguished member of this House.

Mr. McMillin.—When do you say this occurred?

Mr. Bailey.—In the Forty-ninth Congress.

Mr. McMillin.—And where do you say it occurred?

Mr. Bailey.—In a meeting of the Committee on Ways and Means.

Mr. McMillin.—And that I voted against free wool?

Mr. Bailey.—That is what Mr. Morrison told me. And he told me more than that; he told me you and Mr. Mills both voted against the metal schedule.

Mr. McMillin.—If the gentleman will permit me, I would

rather deal in modern than in ancient history, and as he has seen fit to attack my record here——

Mr. Bailey.—Oh, no; I am going to praise it.

Mr. McMillin.—What excuse have you to give to this House for voting against striking out the wool and woolen schedule of this infernal bill and incorporating the wool and woolen schedule of the Wilson bill?

Mr. Bailey.—I offered an amendment to reduce the duty on both wool and woolen goods 33 1-3 per cent.

Mr. McMillin.—Your amendment failed, and then you proposed to take the high rates which this bill carries rather than the low rates of the Wilson bill?

Mr. Bailey.—Yes, sir. And we may just as well understand each other right now. Never as long as I am in Congress will I vote to give the woolen manufacturer a 50 per cent. duty on his woolen goods and charge him nothing upon his wool. [Prolonged applause.]

And, since the gentleman has asked me a question, I ask him how can he justify voting for free wool in face of the Chicago platform, which he helped to adopt and defend?

Mr. McMillin.—I say to my friend from Texas that the Chicago platform did not take the back track on the doctrine of a tariff for revenue only, as he has represented here to-night.

Mr. Bailey.—Not on the doctrine of a tariff for revenue only, but on the doctrine of free raw materials.

I state of my own knowledge that this very question was presented to the committee on platform and resolutions of the Chicago convention, and it deliberately omitted the commendation of free raw materials contained in the platform of 1892 and inserted what I have read here. Not only is that true, but it has been stated in the Senate by gentlemen who were members of the committee, and it is well known to all who took any interest in the question, that it was the deliberate judgment of the Chicago convention that it was unwise and undemocratic to give one class of people in this country what they buy free of taxation while levying a tax upon all the poor people throughout the land. [Applause.]

Whatever strength its advocacy of free raw materials may have brought to the Democratic party in the past, it can bring none now, and will not bring any in the future. There are not in all this broad land to-day one hundred men who could be induced to vote the Democratic ticket for the sake of free raw materials as long as the Democratic party holds to the free coinage of silver; while, on the other hand, there are thousands of brave

and honest men throughout the Western States who, agreeing with us upon the great financial question, will embrace our tariff doctrine when we have thoroughly repudiated this Cleveland heresy [applause] and returned to the old and unchangeable creed of our party, which declares that Congress shall lay no tax except for revenue, but that revenue taxes shall be just alike to all classes and sections.

Mr. McMillin followed Mr. Bailey.

The Democratic doctrine on taxation is that taxes should be levied for the support of the Government alone; and that in the levy of such taxation the lowest rate that would yield the revenue necessary to run the Government should be adopted. And the doctrine that has been put into platform and hurled from stump and forum everywhere has been "a tariff for revenue only." By that sign we conquered in the past, and by that sign we shall conquer in the future, if we stand by our principles and do our duty. [Applause.]

Mr. Speaker, I regret exceedingly that my distinguished friend from Texas [Mr. Bailey] instead of pointing out the outrageous features of this bill should, in lieu thereof, see fit to parade my past record here. This bill would be a fruitful source for a two hours' speech to any man who ever lived, if the time were accorded, without fomenting strife among ourselves and attacking Democrats. But I should be recreant to my duty, I should be unjust to those who have been fighting by me in the past, if, being attacked, I did not tell the plain, unvarnished tale of what the Democratic party has done, and what has been my own action as a Democratic Representative.

First, any statement from any quarter that I have ever advocated a tariff on wool is inaccurate and wholly unjust to me. I have been consistent in this matter. I have all the time believed that cheap clothing for the people would be most surely attained by the method of taxation whereby wool is free. But if I had been in error I had others standing by to sustain me in that error, and he was one of them. I have favored and do favor a tariff for revenue only, because it is Democratic and right.

Sir, in this discussion it has been denied that "a tariff for revenue only" is Democratic doctrine. A tariff is either "for revenue only" or for something besides revenue. Democracy has always denied that any tax could be imposed except to obtain money to run the Government. It has opposed taxation

for any other purpose; hence has favored always a tariff for revenue only as against a tariff for protection.

Here Mr. McMillin quoted the tariff planks in the Democratic platforms from 1876 to 1896. He continued:

It will also be noted that the platform of 1892 declared it a "fundamental principle of the Democratic party that the Federal Government has no constitutional power to impose and collect tariff duties except for purposes of revenue only."

Away with the charge that this is "heresy"!

But what are the facts with reference to the gentleman's [Mr. Bailey's] own record? Who are the heretics he denounces?

If past records are to be raked up, let us have the whole record. Let us come to the question upon which the gentleman lays so much stress. Let us come to the commodity which is the keystone in the arch of Republican protection—wool. There can be no high protective system maintained now without taxed wool. There was a proposition as far back as the Fifty-second Congress, first session (volume 123, *Congressional Record*, page 3057), to put wool on the free list. It had no other question in connection with it. There was no tax on the finished product in connection with it.

What was the position taken by my friend from Texas who criticizes the balance of us who voted for free wool then and all people who favor free wool now? If I was a "heretic" then I had "heretics" standing all around me; and as the gentleman himself voted on that occasion for free wool he is in no condition to criticize me now. [Applause on the Republican side.]

Mr. Speaker, what I favor is the Democratic party going to the battle again with its old flag untarnished, with its old mottoes upon it. We have conquered in that way in the past. We can conquer in that way again. You who predict the destruction of the Democratic party should remember that the Democratic party has refused at all times to act as corpse at any of the funerals which you have planned for its interment. [Applause on the Democratic side.]

Mr. Payne followed.

The House has been amused and interested by the discussions going on in the Democratic party; and each one of the parties to the discussion finds justification for its position in a Democratic platform. [Laughter and applause on the Republican

side.] They generally find justification for opposite positions in every platform that the national convention sends out. [Renewed laughter.] If not, they do so every four years, anyhow. In 1884 they declared distinctly for a protective tariff. They wanted to reduce the tariff in such manner as not to lose a job for a single laborer and to protect all in the United States alike.

But then, in 1892—and I commend this to my friend from Texas [Mr. Bailey]—Grover Cleveland, I believe, was nominated. That was a foregone conclusion when the convention assembled, and his particular representative, his envoy extraordinary and ambassador plenipotentiary, who worked faithfully for him, was one Henry Watterson, of Kentucky. He wrote the platform, and for some reason or other excluded from that platform free raw material, for which Mr. Grover Cleveland was so anxious! He would not allow it to go into the platform when it was reported to the convention. Then one of the delegates from Ohio, a Mr. Neal, got the chairman's eye and moved an amendment to the platform, wherein he commended the Democratic party in Congress for their efforts in behalf of free raw material, and the convention by a vote of about two-thirds, as I now recollect, adopted the new plan and seemed to be in favor of my friend from Tennessee [Mr. McMillin] and his idea of free raw material. [Laughter and applause.]

The gentleman from Texas says they went back on that in 1896. Well, they change so often I can hardly keep up with the procession. [Laughter and applause on the Republican side.] I would not be at all surprised if they did. But there is consolation for either of them in either horn of the dilemma. I heard my friend from Texas, for an hour and a half, advocating a tariff on raw material. I heard the illustrations he used, which seemed familiar to me. I expected he would reach the climax of his argument, finally, by giving us the illustration formerly used by the present Speaker of this House, telling us that there is no raw material except the round earth without a single hole even dug in it! [Laughter and applause on the Republican side.]

I wondered where my friend got his education, and then I thought, Mr. Speaker, that in 1894 his party put wool on the free list. Texas then had more sheep than any other State in the Union. During the past three years the butcher has got abroad among the sheep of Texas, and they are rapidly disappearing from the hills. So my friend has got his line of vision out as far as some of the farms in his district, and has seen the effect of free raw material on the sheep herds there, and gradu-

ally he has got his eyes opened, and he is advancing toward Republican doctrine. [Applause on the Republican side.]

Now, what we want is a tariff bill that will make the normal

THE CHIEF MOURNER
Victor Gillam in "Judge"

conditions right, and it is written in every line and syllable of the bill we are considering here. [Applause on the Republican side.] We want a bill that will bring sufficient revenue to show to every man that every obligation which he brings against the treasury shall be met, and promptly met, in the best money of the world. [Applause on the Republican side.] When you get

that, you have inspired confidence in the treasury of the United States; and, when you get confidence there, you will have confidence among the citizens of the United States.

But, Mr. Speaker, I must not pursue this. I must not talk longer if we pass this bill by the midnight hour. Seventy millions of people are looking on you to-night, anxiously awaiting and demanding the passage of this bill. [Applause on the Republican side.] Every idle workingman, every suffering wife and child deprived of comfort because the husband's strong right arm has been deprived of the privilege of labor for decent wages, is looking anxiously to-night for the passage of this bill. Paralyzed business, paralyzed industries, all over the country want this bill to pass. Men come here from their homes, members of either party, and report the feeling of the people. No set of men, no clique, no party, dare stand in the way of the American people who are demanding the immediate passage of this bill. [Prolonged applause on the Republican side.]

The conference report was adopted in the House by a vote of 187 to 116. After considerable discussion it was adopted by the Senate on July 24, 1897, by a vote of 40 to 30. President McKinley approved the bill on the same day.

CHAPTER XVI

The Tariff of 1909

[PAYNE-ALDRICH BILL, INCLUDING CORPORATION TAX]

Insufficiency of Revenues under Dingley Act—President William H. Taft in His Inaugural Address Urges Revision of the Tariff—Sereno E. Payne [N. Y.] Introduces a Tariff Bill in the House—Debate: in Favor, Mr. Payne, Richard Young [N. Y.], James R. Mann [Ill.], Charles F. Scott [Kan.], Joseph G. Cannon [Ill.], Francis W. Cushman [Wash.], Arthur L. Bates [Pa.], Nicholas Longworth [O.], Joseph H. Gaines [W. Va.], Samuel W. McCall [Mass.], John Dalzell [Pa.]; Opposed, James B. Perkins [N. Y.], Choice B. Randell [Tex.], William W. Rucker [Mo.], Champ Clark [Mo.], Oscar W. Underwood [Ala.], Morris Sheppard [Tex.], Ollie M. James [Ky.], William Sulzer [N. Y.], Arsène P. Pujo [La.]—Report of the Minority of the Committee on Ways and Means—Bill Is Amended and Passed—It Is Amended and Passed by Senate—Conference Committee Is Appointed—Debate in the House on Committee's Report: in Favor, Mr. Payne, Mr. Longworth; Opposed, Mr. Clark, Henry D. Clayton [Ala.], Swagar Sherley [Ky.], Mr. Underwood, Robert C. Wickliffe [La.]—House and Senate Agree to Conference Report—Bill Is Approved by the President.

UNDER the Dingley Act revenues decreased during 1908 to such an extent that all parties agreed that a revision of the tariff was imperative. It was estimated that the expenditures for the fiscal year ending June 30, 1909, would exceed the receipts by $150,000,000.

President William H. Taft, in his inaugural address (March 4, 1909) referred to the situation as follows:

A matter of most pressing importance is the revision of the tariff. In accordance with the promises of the platform upon which I was elected, I shall call Congress into extra session to meet on the 15th day of March, in order that consideration may be at once given a bill revising the Dingley Act. This should secure an adequate revenue and adjust the duties in such a manner as to afford to labor and to all industries in this

country, whether of the farm, mine, or factory, protection by tariff equal to the difference between the cost of production abroad and the cost of production here, and have a provision which shall put into force, upon executive determination of certain facts, a higher or maximum tariff against those countries whose trade policy toward us equitably requires such discrimination. It is thought that there has been such a change in conditions since the enactment of the Dingley Act, drafted on a similarly protective principle, that the measure of the tariff above stated will permit the reduction of rates in certain schedules and will require the advancement of few, if any.

The proposal to revise the tariff made in such an authoritative way as to lead the business community to count upon it necessarily halts all those branches of business directly affected; and, as these are most important, it disturbs the whole business of the country. It is imperatively necessary, therefore, that a tariff bill will be drawn in good faith in accordance with promises made before the election by the party in power.

To secure the needed speed in the passage of the tariff bill, it would seem wise to attempt no other legislation at the extra session. I venture this as a suggestion only, for the course to be taken by Congress, upon the call of the Executive, is wholly within its discretion.

In the making of a tariff bill the prime motive is taxation and the securing thereby of a revenue. Should it be impossible to so arrange the duties as to secure an adequate income, I recommend a graduated inheritance tax as correct in principle and as certain and easy of collection.

On March 17 Sereno E. Payne [N. Y.] introduced in the House the expected bill, whose title was "a bill to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes." It was referred to the Committee on Ways and Means, of which Mr. Payne was chairman. It was reported back next day. It came up for discussion on March 22.

The Payne Tariff Bill

House of Representatives, March 22, 1909

Mr. Payne supported the measure.

The country is overwhelmingly in favor of a protective tariff.

It is an American policy. It seems to be acquiesced in by a great majority of the American people. It is true there are some looking for protection to industries who do not come out into the open, who declare themselves in favor of a tariff for revenue, disguising, or trying to disguise, their real belief in a tariff for protection. We have advanced some in the last twenty years in this regard, and now I do not believe that there is a man within the sound of my voice that would rise in his place and say that he is in favor of "tearing down every custom-house in the United States from turret to foundation stone."

Here Mr. Payne spoke in eulogy of the Dingley bill.

While it is true that this bill has not brought a surplus during every year of its existence, the expenditures have increased beyond the anticipation of any of the originators of the Dingley law. We did not dream then of the Spanish war. Much less did we imagine the increased expenditures that would come after that war had ceased, with great victory and honor to the national arms and the national flag, but it brought increased burdens and increased responsibilities. We jumped forward to a place as a world power without a peer in the world. Our relations with other countries were changed. We not only changed the map, but we changed our responsibility with the foreign nations, and with that change came the burdens; the burden of an increasing navy, which seems to be one of the most popular things we have among the citizens of the United States; an increased army, increased coast defences.

The grand result of the Dingley bill to-day is that, having paid all the expenses of the war and all the expenses incurred thereby, and having expended a large amount for the Panama Canal, there is a surplus of $25,000,000 for the entire period.

But time makes changes. It becomes necessary to have a revision of our revenue laws. There are two controlling reasons for this revision.

Since the time of the enactment of the Dingley bill other nations have been adopting the maximum and minimum tariff, with a lower tariff at protected rates and a maximum tariff much higher—even 100 per cent. over the minimum rates, scarcely ever below 40 per cent.—although some of the articles of these maximum and minimum tariff countries are at the same rates in both maximum and minimum schedules.

Then came the tug of war. Then came the hard part of the proposition. We saw our rivals for the trade of the world get-

ting conventional rates that we could not get, partially because of our system that under the Constitution no change can be made in the tariff except Congress takes the initiative. We must pass legislation to enable the Executive to offer favorable trade agreements. It is with us here to originate it.

Furthermore, the time had come to hunt for more revenue in a tariff bill, and these two considerations hastened the consideration by the House and the country of a new tariff act. Hence it came about that the Republican platform in the last election pledged the party to the revision of the tariff. Already, before that, your Committee on Ways and Means had begun its work, anticipating the verdict of the country, even before the Chicago convention met, and that committee had set its clerks to work looking up information that would aid the committee in the passage of this bill.

Now, the question of revenues under this bill is a serious question, and yet is not so serious as it would appear at first blush. It is true we had a big deficit on the 1st day of July last for the previous year, but we had had a big depression in business. Importations had halted, revenues had been cut down, and when that continued during the fiscal year 1909 down to the present time, showing a deficiency of $87,000,000, it looked like a difficult task to provide sufficient revenue for the expenditures of the Government.

But this was only a surface view of the case because, with reviving industry, with prosperity, with putting money in the purses of the people that their demands may be supplied, revenues will increase from all the sources from which the Government derives revenue.

Mr. Chairman, I will take up some of the schedules in the bill. In the first place we have provided a minimum and maximum tariff. Our minimum tariff is a protective tariff, built on the lines of our party platform and sometimes a little more than the party platform, because it is impossible to hold the scales evenly, even with all the information available to your committee on all these schedules.

We provide that any country which gives us as fair trade relations as they give to any other country, which makes no discrimination against us which they do not make against the most favored nation under their conventions or tariffs, shall receive this minimum tariff provided for in sections 1 and 2. But if they do not, if they do not give us an equal chance in their markets with any other nation, we do not propose to allow them to come into our market at this minimum rate. Our

market is the market of the world, for we are the greatest consumers, the greatest buyers of any nation on earth, consuming from one-third to one-half of the productions of the world over.

Now, Mr. Chairman, I am going to speak of some of the changes made in this bill. The committee have transferred some items from the free list to the dutiable list. The increases are few in number. They are not very serious, but every one of them was made for a reason, after examining the evidence that was before the committee.

Here Mr. Payne went into detailed discussion of the various changes. When he reached the question of women's gloves, upon which article he said the committee had recommended an advanced duty of $1.50, James B. Perkins [N. Y.] questioned him as follows:

The gentleman believes that this dollar and a half a dozen pairs will materially increase the price of women's gloves?

MR. PAYNE.—Yes; in the first operation it would—that is, while we were having protection, increasing the price first as a benefit to the manufacturers, and then when competition comes in you get back to the old rates, just as we have on men's gloves, or below.

MR. PERKINS.—Then, as I understand, this duty is not intended as a means of increasing the revenue?

MR. PAYNE.—Fortunately, both meet in this schedule. It is beautiful for revenue and magnificent for business.

MR. PERKINS.—Then I understand that, if we manufacture 90 per cent. of the women's gloves that are used, instead of what we are doing now, there will be no importation, and the revenue on gloves will certainly be less. You cannot both get the revenue and make the gloves without making the revenue less.

MR. PAYNE.—Well, we need the revenue now, right off, next year. The year after that we will not need so much of it, and before this bill is repealed I hope we will not need any from this source.

RICHARD YOUNG [N. Y.].—While the manufacture of gloves will be greater the importation of leather will be increased very much, and the revenue will not be so greatly changed as it would seem on the first statement of the case.

MR. PAYNE.—That is true. I am glad that my colleague made that statement.

CHOICE B. RANDELL [Tex.].—I will ask the gentleman from

New York what the purpose of the majority of the committee was, in drafting this bill, in reducing the tariff on barley to 15 cents a bushel and on barley malt to 20 cents a hundred? Was not that in favor of the brewers, or was it intended for some other purpose?

MR. PAYNE.—Fifteen cents is perfectly high protection on barley. It is in proportion to the duty on wheat and oats.

WILLIAM W. RUCKER [Mo.].—Is this a reduction to protect the American farmer or the beer manufacturer?

MR. PAYNE.—You gentlemen, every man of you, has gone on the stump and said these duties were prohibitive; that they did not need any such duties, and they were put in and held out as a sop to the American farmer. Have you not done so?

MR. RUCKER.—I have so charged and I believe it now——

MR. PAYNE.—Why are you whining about it now?

MR. RUCKER.—I believe this talk of protection to the products of the American farmer is a fraud, a sham, and a pretence. [Applause on the Democratic side.]

MR. PAYNE.—I never saw the like of the agility with which you gentlemen can get on both sides of the rail at the same time.

MR. RUCKER.—Not on both sides, but we want to get you on the other side a little bit. [Applause on the Democratic side.]

MR. PAYNE.—Now, Mr. Chairman, they say there is a joker as to coffee. Coffee is placed on the free list; but there is a proviso as to coffee, and what is it? That whenever any country levies an export tax on coffee we will levy an import tax equal to the amount on the coffee exported.

Brazil is now levying an export duty of forty-seven one-hundredths of a cent upon every pound of coffee exported to the United States. We are paying that, and it is added to the price of the coffee, and we are paying that toward the support of the Brazilian Government. Some South American republics are putting on a larger export tax even than that. We propose to meet them on that ground and say to them that whatever the amount of their export tax we will put the same amount as an import tax. We will double it, and we will get half of it and they will get the other half.

CHAMP CLARK [Mo.].—Does not that mean in plain, everyday English that the American consumer of coffee will be paying both taxes?

MR. PAYNE.—Well, now, I will come to that before I get through.

Now, there are some countries that do not levy an export tax. They are rivals of Brazil. If they can get in here forty-seven one-hundredths of a cent a pound cheaper than Brazil can, then, unless Brazil cuts off her export tax, the exporters of coffee in Brazil will be paying on their coffee to get into this market forty-seven one-hundredths of a cent to the Government of Brazil and forty-seven one-hundredths of a cent to the Government of the United States, or ninety-four one-hundredths of a cent, while the other countries will have no export tax and will not have to pay any duty to the United States. That is all the joker there is in this paragraph—a plain business proposition. We propose, if we let coffee free into the United States, by proper legislation, to compel those countries to export it free into the United States. [Applause on the Republican side.]

Mr. Chairman, we have put iron ore on the free list after full consideration by the committee. I do not think I will go into that in detail, but I want to say that the evidence of Judge Gary, president of the United States Steel Company, was that in the production of pig iron 2 tons of our iron would go as far as 3 tons of the iron imported from across the sea; and that is true also of the Nova Scotia iron, they yielding about 40 per cent. and ours about 60 per cent. Of course while that is true, it follows that there would be no occasion or necessity of a duty of 40 cents a ton on iron ore.

MR. RANDELL.—Is it not a fact, as shown by the evidence before the committee, that the imported iron ore is used simply on the Atlantic coast, and that to take off the tariff will not decrease the price of iron products to the consumer, but will be giving the revenue to certain furnaces in New England on the Atlantic coast? Is it not a fact that that amounts to about half a million dollars a year?

MR. PAYNE.—If we collect $200,000 on iron ore some one must pay it. The gentleman's theory has ever been that it was the ultimate consumer that paid that duty.

MR. RANDELL.—Is not this a special case, and do not the facts show that this action could not reduce the price of iron because it affects only certain furnaces at certain points, and that in this particular case it is a gift of that much revenue to these furnaces, and taking that much from the treasury?

MR. PAYNE.—The gentleman was solicitous about the steel trust for some reason or other in the hearings, and there has been some fear in some quarters that the steel trust might ultimately drive the smaller concerns out of business. Some of

the smaller concerns are located near the Atlantic sea coast—the Pennsylvania Steel Company at Sparrows Point; and perhaps this company is at more disadvantage than some of the others who are manufacturing iron and steel goods. If they can get their iron ore a little cheaper on account of the taking off of this duty, it would strengthen them and help them to keep on in the uneven race which they have with the great concern, the United States Steel Company.

MR. RANDELL.—But, Mr. Chairman, how can that happen when the tariff is taken off ore that belongs to the steel trust?

MR. PAYNE.—Well, if I have not made it plain to the gentleman, I despair, and will have to give it up.

Mr. Payne at this point postponed the conclusion of his speech until the morrow.

Champ Clark [Mo.] filed the report of the Committee on Ways and Means.

MINORITY REPORT

There are many changes—for the most part minor changes—of the Dingley rates, some up and some down. Most of the changes in a downward direction are reductions more apparent than real, the Payne rates being as prohibitive in their results in many cases as the Dingley rates.

The treatment of the farmer by this bill is along the same lines as have characterized Republican methods in the past. He gets practically no relief, and the laborer and producer have greater burdens imposed upon them. The cost of living for the average man is increased; the advantage of wealth and power is also increased.

As to the maximum and minimum tariff plan of the Payne bill, it is an open challenge to a trade war with every other nation on earth.

In this connection it may be well to ponder our relations with Cuba. Does any sane man suppose for one moment that the great commercial nations, our competitors for the world's trade, will concede that Cuba is one of our "dependencies"? It is a thing incredible. To ask that question is to answer it.

The bill is in many respects crude, indefinite, sectional, and prohibitive. It seems to us from our examination, which was necessarily hasty, that on the whole it increases the cost of living. Many increases of the sort might be mentioned. In numerous instances the protection exceeds the entire labor cost of

production. This can not be defended on any ground whatsoever, even by a standpatter. In all, the reductions, both apparent and real, fall far short of the substantial relief which the people were led to expect.

We do not desire to delay the passage of the tariff bill, and do not propose to waste an hour; but, having had no opportunity whatsoever to modify or amend it before it was reported, we will insist on having full opportunity to amend and debate it paragraph by paragraph under the five-minute rule, as is right and proper. That much we demand. We will be satisfied with nothing less.

Mr. Payne continued his analysis of the bill on March 23. In explaining the action of the committee in putting hides on the free list he said:

People do not raise animals for hides. They raise them for their meat, and the meat is the principal item when they come to sell the cattle. Not only that, but it is the foundation for half a dozen industries; and every time you put a duty on what is called sometimes the "raw material"—and, as far as hides are concerned, they are raw material—you have got to go all up along the line of goods made from that raw material and increase the duty. That is well recognized. There is no use in keeping hides out of this country in order to sell the domestic hides. If you have got to send domestic hides abroad to be tanned, to be made into shoes, to be made into harness, to be made into carriage leather, you want a duty on the manufactured goods, you gentlemen who are clamoring for a duty on hides.

The removal of the duty will not hurt anyone in the United States except the middlemen and the packers. The latter have gone into the tanning business and are tanning their own hides.

Mr. Chairman, I come now to the miscellaneous sections of the bill. Section 5 provides for free trade between the Philippine Islands and the United States on all articles except sugar and tobacco, and on sugar up to an importation of 300,000 tons in one year and on tobacco up to 300,000 pounds of wrapper and 3,000,000 pounds of filler and 150,000,000 cigars, beyond which the usual rates will apply.

I trust that this long-delayed measure of justice to the Philippine Islands will no longer be delayed, and under the beneficent provisions of this bill they will be allowed to enter our markets up to the extent of the limit. As far as the limits are

concerned, I would not have put them on, but a majority of the committee favored it.

It was a sort of compromise between the friends of the islands and the friends of the sugar beet and other outlying industries, and this section was adopted in the shape it is presented to the committee, and I hope it will meet with the approval of the House.

Section 6 provides that no part of this act shall abrogate or impair in any way the Cuban treaty for reciprocal trade, and the gentlemen of the minority are very much disturbed about this—a continuation of the Cuban treaty.

Now, the question is asked in the minority report whether any sane man supposed that the commercial countries of the world would stand for it to have us admit Cuban goods here at a discount of 20 per cent. of our duty and still allow us a minimum rate. If the gentlemen who asked that question had thought back for the last four or five years of the existence of the Cuban treaty, they would have found that nearly every nation of the earth did give us better trade relations and the same rate of duty that they gave to the most favored nations, although we were carrying out the Cuban treaty in full and to the letter, because these nations recognized what the minority of the committee do not, that when we give that concession to Cuba we get a concession from them of a reduction of 20 per cent. of her duty; and then the nations of the earth also recognize the relation which we have to Cuba as the guardian of her interests and of her people and our effort to uphold her government and try to make her an independent nation, that she may not have to come in under our flag.

Now I come to the inheritance tax, a proposition that has created a great deal of discussion throughout the country, as it did in the committee. We want some more revenue. We want about $20,000,000 worth of it in order to be sure to make ends meet under this bill. And the committee cast about for a proper subject for taxation. I think they considered everything in sight. Some suggestion was made about a tax on the net earnings of corporations. Now, no man will deny but that the corporations of the United States, during the last two years at least, have been in a pretty precarious condition in a great many instances. They pay taxes; they pay State taxes, municipal taxes, and all kinds of taxes; and, although we put a pretty good tax on their net revenue, we still would not get our $20,000,000; so the committee did not think it was best to put that tax on.

Then the question of the income tax was presented to the committee. Well, I have pretty strong convictions about the constitutionality of an income tax.

MR. CLARK.—The income tax that was incorporated in the Wilson bill was only declared unconstitutional as to the income arising from land or rents of lands, was it not?

MR. PAYNE.—Also the income from municipal bonds.

JAMES R. MANN [Ill.].—And also the income from personal property.

MR. CLARK.—Is it not true the President of the United States has intimated very broadly that an income tax can be drawn that the Supreme Court as now constituted would declare constitutional?

MR. PAYNE.—Whether he did or not, I have a right to my opinion about the constitutional law as well as has the President of the United States, and I want to say to the gentleman that that Wilson income-tax law has never been repealed in a single line or letter, and, if there is a court now that will hold that it is constitutional, why, it will be the law of the land.

MR. CLARK.—My idea of the Attorney-General is that one of his duties is to supervise the enforcement of all the laws that are on the statute books.

MR. PAYNE.—Whether they are constitutional or not?

MR. CLARK.—Certainly.

MR. PAYNE.—And after the Supreme Court has decided that they are not constitutional?

MR. CLARK.—I know that the Supreme Court never decided, except in certain features of it, that the Wilson income act was unconstitutional.

MR. PAYNE.—I can never sign a recommendation of the gentleman from Missouri for Attorney-General.

Now, Mr. Chairman, to proceed with the discussion. Even if an income tax was constitutional, I would greatly prefer an inheritance tax. There is no denying that an income tax occasions perjury and fraud unlimited. The knowledge of a man's income is within his own breast largely and he can cheat and defraud, and if he is one of that class of beings that do not stop at perjury he can cover up a large portion of his income. There is a great incentive in the minds of some men to do that thing.

The objection that I have raised to an income tax on account of the perjury and fraud which it breeds can not apply to an inheritance tax, because every time an estate passes by the death of either a testator or an intestate the estate goes to the probate court in the State. Everything is done publicly.

There is a hearing in the probate court. Witnesses are sworn, affidavits are filed, inventories of the estate are filed, valuations of the estate are made. Everything is done in readiness for the collection of this tax, and there is no question of perjury and fraud to be raised. In that case and for that reason it is infinitely to be preferred to an income tax.

The objection is made that most of the States already have an inheritance tax, and that is true. I think 33 out of the 45 States are collecting such a tax. In some States the tax is almost as great as that imposed in this bill, and in some fully as great, and in some greater.

We have provided in this bill 1 per cent. from $10,000 up to $100,000, 2 per cent. from $100,000 to $500,000, and after that 3 per cent. That is, where it is a direct descent, but in case of collaterals in this bill we provide a tax of 5 per cent. on all legacies and inheritances exceeding $500.

I think that if these people have to pay both the State and the national tax they are not overburdened with taxation if this bill should become a law. What easier tax to pay than this? A man gets a legacy, a stranger perhaps to the testator, a clear gain to him; why should not he pay a part of that to the support of the Government?

It is a fair tax; it is a tax easily collected; and it is a tax that this class of people ought not to hesitate to contribute for the support of the Government and the protection of the law.

Gentlemen say that it interferes with the State. Well, the States have a wider range of taxation than the Federal Government; they can tax all property in the State.

MR. CLARK.—Let me ask the gentleman this: Suppose there are no minor heirs to an estate and the estate is settled out of court, does not come into the probate court at all, is there not just as much premium upon perjury in that case in this inheritance tax matter as there would be in the case of an income tax?

MR. PAYNE.—Well, not quite, because the estate is more visible than the income is, but there would be a chance for perjury and fraud in that case. But I want to call the attention of the gentleman to the fact that a very small percentage of estates are settled in that way, at least that is so in my own locality.

Now, Mr. Chairman, I am anxious to get at the consideration of this bill and pass it through the House. The country is waiting for the action of Congress. Trade is waiting. The wheels of industry are silent until our action upon this bill.

I believe it will open the ports of other countries. I believe

it will give better trade relations the world over. I believe it will not stop the labor of a single hand. I believe it will start up industries throughout the United States. I believe that labor will be fully employed. I believe that good and blessing to the people of the United States will come from the passing of this bill, and my ambition and hope is that at the earliest possible moment the bill will go through the House and to the Senate, on its way to become a law. [Loud and long-continued applause on the Republican side.]

On March 24 Mr. Clark opposed the bill.

I desire to congratulate the distinguished chairman of the Ways and Means Committee [Mr. Payne]. He has now become a great historical personage. The history of the United States cannot be written now and leave out the name of Sereno E. Payne, of New York. [Applause.] He takes his place in the company of Henry Clay, Robert J. Walker, Justin S. Morrill, William McKinley, William L. Wilson, and Nelson Dingley, as father of a great tariff bill, which must be referred to as long as men discuss the tariff in the United States, which, judging the future by the past, will be until Gabriel blows his trumpet. [Laughter and applause.]

There is another thing on which I congratulate the chairman of the Committee on Ways and Means, that, by his nine and one-half hours' speech, he has knocked higher than a kite the idiotic theory of Doctor Osler.[1] [Laughter.]

It was a superb vindication of his physical and mental strength, and under the character of the speech he was making, explanatory and defensive, answering a good many questions from this side, and carrying on an extended debate with his political confrères on that side, I do not see how it could have been shorter; and, what is more, I am not dead sure but that it was the wisest thing he could have done from a political standpoint, because a good many Republican gentlemen, having fired their shots, will not want to make speeches on the bill.

For the benefit of all concerned, as this debate in all human probability will run in one shape and another for a good while, and as you all ought to be posted on both sides, I will give you my opinion about certain documents. There are four great documents on the subject of the tariff which are invaluable, and you can get them all now, as Professor Taussig has re-

[1] William Osler, M.D., a physician of international repute, was reported as declaring that a man was unfit for doing his best work after the age of forty.

printed them in a book, which is easy of access and which does not cost much.

The title of that book is "State Papers and Speeches on the Tariff." The four documents are Alexander Hamilton's great report on manufactures in 1790; Robert J. Walker's great tariff report on his bill in 1845; John Quincy Adams's great report in 1831; and Albert Gallatin's great free-trade memorial in 1832. Those are the documents that are invaluable. In addition there are four books which are almost invaluable—Professor Taussig's "History of the Tariff in the United States"; Professor Taussig's book, "State Papers and Speeches on the Tariff"; Franklin Pierce, on "The Tariff and the Trusts", and a book printed by Cicero W. Harris, with the strange title, "The Sectional Struggle." In addition to that I recommend to every man in this House to immediately lay hold of this book I have in my hands, "Imports and Duties," prepared by William W. Evans.

This is no time for an academic discussion of the tariff. Every tariff theory ever hatched in the brain of man has been discussed repeatedly in this country with thoroughness and splendid ability. Since John G. Carlisle made his first masterful tariff speech in the House, some thirty years ago, it is not much exaggeration to say that we have had a continuous tariff debate in this country.

There is no Democrat I know of who wants to consume one hour unnecessarily in the discussion of this bill—not one. [Applause.]

While the minority members of the committee have no desire whatever to waste one moment, we do desire a thorough consideration of the bill and a chance to amend it wherever we think it would be improved by amendment, and my judgment is that it could be greatly improved by amendment in many respects.

The tariff is a tax paid by the consumer. Nobody with any reputation for veracity or intelligence to lose will deny either of these two propositions. If he does deny them, he will be confounded by the evidence of high-protective advocates contained in the hearings before the Committee on Ways and Means, which hearings are made up almost exclusively of the evidence of such advocates. Most of the witnesses wanted an increase of the Dingley rates or wanted those held *in statu quo*. It seems from an examination of the hearings on the tariff bills of the past that the witnesses were usually the beneficiaries

of the tariff, struggling to keep what they had and to secure any increase they could.

Most of the cross firing among witnesses was where one set of protected manufacturers fell afoul of another, growing out of two facts: (1) That the tariff pie was not evenly distributed and each one wanted the biggest piece. Not more than half a dozen of them suggested that things be evened up by reducing their own tariff, but almost everyone that saw anybody else more highly protected than himself wanted the leveling process to consist of raising his tariff to the maximum; (2) that what is one man's finished product is another man's raw material, which produced clashes among some of the protected classes. For instance, neither Richard Cobden, Sir Robert Peel, John Bright, Henry George, nor Tom Johnson could yell more lustily for free trade on raw materials than the New England Republican tariff reformers, while, on the other hand, neither Benjamin Disraeli, Horace Greeley, Henry C. Carey, "Pig Iron" Kelley, Joseph Chamberlain, nor the gentleman from Michigan [Joseph W. Fordney] could yell louder for a prohibitive tariff on their manufactured products.

The situation in which the Ways and Means Committee found itself was unprecedented. Both parties claimed in platforms, in the public press, and on the stump during the late canvass to be in favor of reducing the tariff rates of the Dingley bill. Of course the Republican platform was equivocal and might be construed to mean either revision up or revision down. Judge Taft in his speeches construed it to mean revision down; but nevertheless many benighted Republicans did not believe he was candid, for they boldly came before the committee after the election asserting that the platform declared in favor of raising the tariff rates, and that they were here to demand their pound of flesh.

Of course I am not the official adviser of the Republican party. It may be very unfortunate that I am not, but I am not. [Laughter.] I believe that the Republicans made two tactical mistakes about the tariff very lately.

Here are the Republican tactical mistakes. The chairman of the Ways and Means Committee let us scare him last year into making on the floor of this House in the last Congress the declaration that he did make—that he violated no confidence in saying that they were going to revise the tariff and that he was in favor of a maximum and a minimum.

The second mistake, tactically, that the Republicans made was putting those two propositions into their platform. They

THE WARRIOR'S RETURN

[Referring to Roosevelt's reputed "back-down" on tariff revision]

Cartoon by Joseph Keppler in "Puck"

put them in there because we had scared them out of their wits. The reason that I say that they made tactical mistakes is that I believe recent events show you could have beaten us anyhow at the general election. [Laughter.] I will tell you what would have done it: The immense and widespread popularity of Theodore Roosevelt. [Applause.] I never had any delusions about that man and about his influence. But he has gone. Some of you Republicans wish he would never come back. [Laughter and applause.] All that I regret is that he left at all [applause], because, if he had stayed here, you would have been in such a row in less than ninety days that you would not have known whether you were Republicans or Democrats. [Laughter.]

The historian of our times will record as Mr. Roosevelt's highest honor that he refused a third term when he had it in his grasp.

Mr. Chairman, the most easily understood portion of this bill is the authorization to issue $250,000,000 of 3 per cent. bonds during any one year, to run for one year. That process can be kept up perpetually, which means really a permanent increase of the bonded debt by $250,000,000. This in a time of profound peace. The framers of the Payne bill do not use the unpopular word "bond"; they use the more euphonious word "certificate." But they are precisely the same. This bond provision proves beyond doubt that the Republican managers do not believe this bill will produce sufficient revenues and are fixing to issue bonds to supply the deficiency.

The Republican members of the Ways and Means Committee offer a great boon to the American people in the sugar schedule by cutting the tariff on refined sugar from 1.95 cents per pound down to 1.90 cents, a cut down of five one-hundredths of 1 cent per pound. Why this remarkable tenderness for the sugar trust? It receives a rake-off of 26 cents on every hundred pounds of refined sugar.

The same old "joker" on petroleum is in the Payne bill—ostensibly on the free list, but in reality a protective tariff of between 150 and 250 per cent. I do not know whether we are going to get a chance to amend this bill or not. I hope we will; and, if we do, I will risk my head on the proposition that that countervailing duty on petroleum goes out. [Applause on the Democratic side.]

CHARLES F. SCOTT [Kan.].—Those of us who represent districts in which there are large independent petroleum-producing interests have received a great many letters and publica-

tions urging us to insist upon the countervailing duty on petroleum on the ground that the very life of the independent petroleum-producing interests depends upon it. The argument is that the Standard Oil Company is a refining industry; that it is a purchaser of raw petroleum; that it produces only about 20 per cent. of the petroleum it uses and buys 80 per cent.; that it would really be to the advantage of the Standard Oil Company to be able to buy raw petroleum and import it into this country without any duty. I should like the opinion of the gentleman from Missouri upon the soundness of that argument from the standpoint of the independent petroleum producer.

MR. CLARK.—I think it is all a humbug. Year by year the Standard Oil Company produces less and less crude oil. It develops very few fields. It has too much sense. It permits the gentleman from Kansas and myself and the rest of us to go out hunting for oil fields, boring holes in the ground at our own expense, and when we have discovered a rich field it comes in and takes possession of it at its own figure. [Applause on the Democratic side.]

If I could be convinced that the revenue tariff on crude petroleum would help the producers of crude petroleum—that is, if they would get the benefit of it, at the same time raising revenue for the Government, and the Standard Oil Company would not get the benefit—I would vote for it. [Applause.]

The Standard Oil Company compels the producer to take its price, and then it compels the consumer of oil to pay its price; and I give it without any fear whatever that the Standard Oil Company is the greatest marauder that the sun ever looked down upon in six thousand years. [Applause.]

MR. SCOTT.—Would that condition be changed by eliminating this countervailing duty?

MR. CLARK.—Why, certainly. If they put up the price of refined oil too high, somebody else would ship refined oil in here. [Applause.] A straight revenue tariff of 15, 20, or 25 per cent., whatever the wisdom of the Congress thought, on petroleum would be an honest performance. But this countervailing duty is simply a dodge. [Applause.]

Now, one other thing. Under this drawback provision, a man that manufactures stuff out of foreign material gets back 99 per cent. of the tariff he has paid on that stuff when it is shipped out. The biggest user of tin plate in the United States, or in the world, is the Standard Oil Company. It does not use American tin plate. It uses foreign tin plate to make its cans for the foreign trade, and then gets 99 per cent. of the tariff

on that tin plate returned. [Loud applause.] Now, here you are in this bill giving it from 150 to 250 per cent. on oil, and then giving to it tin plate practically free. [Renewed applause.] I will not stand for any such performance. Remember that, while Standard Oil gets in its foreign tin plate for foreign export practically duty free, the rest of us have to pay a stiff tariff on all the tin plate which we use.

Of course, everybody stands around and asks what I think about zinc [a Missouri product]. I think the very same thing about zinc that I do about every other article of common consumption in the United States. If it turns out on investigation that a cent a pound is a good revenue tariff on zinc, I am going to vote for it; and if it turns out that it is a prohibitive tariff, or anywhere in the neighborhood of that, I am going to vote against it. [Applause.] I am in favor of a revenue tariff, and dead against a prohibitive tariff or anything approximating thereto.

I want to announce a general principle, and that is that I will not help any living human being oppress the great masses of the people of this country. [Loud applause.] I do not care a straw whether they come from Maine or from Missouri, all public plunderers look alike to me. [Loud applause.]

We are all tariff reformers. A few days ago there was a meeting at the White House, a conjunction, so the papers stated, of four stellar bodies of the first magnitude. Perhaps I ought to say one solar body and three stellar bodies—the President of the United States, Senator Aldrich, the Secretary of the Treasury, Mr. MacVeagh, and "my prophetic soul, my uncle," the Speaker of the House. [Laughter.] They met together as tariff reformers, so the papers said, to discuss what should be the Payne bill. When these four tariff reformers got together, if the angels did not weep it is because they were so completely dumfounded that they had completely lost all emotion whatsoever. [Laughter.]

JOSEPH G. CANNON [Ill.].—I do not recollect that the tariff was referred to or anything else except the general condition of the treasury, the desire for good administration, and so far as possible an organization and an administration of that great department that would tend to bring the expenditures of the Government within the revenues. [Applause.]

MR. CLARK.—Mr. Chairman, I do not propose to talk about all the schedules. But I cannot help remarking that the increase of 30 per cent. in the rates on hosiery is a cruel outrage on men, women, and children, for no man in his senses will

claim that hosiery is a luxury in this day and in this climate. These remarks apply with equal force to the increase of 75 per cent. on women's, misses', and children's gloves. In this connection it is well to remember that the women had much to do with overthrowing the Republican party on account of the extortions in the McKinley bill. It is to be hoped that history will repeat itself in this instance.

Here Mr. Clark discussed the rates on woolen manufactures, which, he said, were practically the same as those in the Dingley tariff. He characterized the continuation of these duties as "the most monstrous feature of the bill." To support his statement he read an editorial from the *Kansas City Star*, on "Tuberculosis and the Tariff," in which it was urged that cheap wool clothing would do more to suppress the disease than all the means now employed for that purpose.

Mr. Clark continued:

Probably the worst "joker" in this bill is the one on lumber. Now, in plain language, the situation is this: If any province, State, or dependency of any foreign country shall place any tariff rate or restriction on the exportation of any forest product, then the old Dingley rates go into effect against all the forest products of that entire country. It happens to be a fact that Ontario has a restriction as to the exportation of forest products cut (by government permission) from her forest reserves. Being a province of Canada and a dependency of Great Britain, then, under the involved provisions of the Payne bill, all the forest products of Great Britain and her dependencies and provinces, on entering this country, have to pay the rates in the Dingley law, the very rates that are so odious to the users of lumber in this country at this time.

Now, Mr. Chairman, as far as conserving the forests is concerned, I am in favor of free lumber for that reason. [Applause.]

FRANCIS W. CUSHMAN [Wash.].—Is not Mr. Gifford Pinchot the greatest expert in this country on questions of forest conservation? He said:

If the tariff on lumber were to be removed, it would be done, I take it, for one or both of two purposes; either to reduce the price to the consumer, or to preserve our forests. In my judgment it would accomplish neither.

MR. BATES.—Or, in the words the gentleman used a moment ago, reducing them to a competitive basis?

MR. UNDERWOOD.—Undoubtedly. They could not be at a revenue rate without their being on a competitive basis.

MR. BATES.—Precisely. Now, is the gentleman in favor of that, notwithstanding the fact that it would reduce the number of jobs for workmen in this country, or else reduce their wages? Is the gentleman in favor of reducing the wages of the American workman?

MR. UNDERWOOD.—No; I am not in favor of reducing the wages of the American workman, and if the industries of this country are put on a healthy competitive basis, when hard times come, when panics come, the workman of this country will hold his job, and foreign goods will cease to come in; but, when you build this protective tariff wall so high that the American people have got to buy every commodity and all they desire in times of great prosperity and great development alone from American manufacturers, you expand conditions, develop your business to such an extent that when hard times come there is no place to retrench or dispose of your surplus production, and you have got to shut up your factories at home. But if you build up the great industries of the country, not with an unhealthy, hothouse growth, but along conservative lines, recognizing fair competition and only revenue rates of duty all the time, while you might not build your industries as rapidly as under a forcing process, yet you would not have the present unhealthy growth, and, when hard times and panics come and it is necessary to reduce production, the foreign goods would be driven out; in most cases American mills would continue in operation. [Applause on the Democratic side.]

Morris Sheppard [Tex.] opposed the bill. In referring to the Republican platform of 1908 he said:

The tariff declaration in the Republican platform gives the protected interests a deed to the treasury of the United States. The wildest socialist could not have invented a more dangerous and alluring fallacy. The Payne bill completes the delivery of the treasury to the trusts, and the American people, unable to resist the appeals and promises of Republican leadership, a leadership buttressed with the oratory of Beveridge and Hughes, the perverted logic of Elihu Root, the fulminations of Roosevelt, and the imposing proportions of Mr. Taft, having indorsed the atrocious transaction at the polls, are now witnessing the violation of their confidence in this new license for unlimited pillage. Amusing, indeed, were the ponderous assurances of Mr. Taft that the Republican party would revise the tariff downward. His volcanic predecessor realized the hopelessness of such a proposition and evaded it to the last. Is it possible that the complacent Mr. Taft may succeed where the bifocal whirlwind that recently swept from Washington to Oyster Bay failed utterly? [Laughter.] I say to you that there is more real power in one 5-cent cigar between the iron lips of Joseph G. Cannon, the stand-pat leader, than in the big sticks of a whole regiment of Roosevelts and Tafts. [Laughter and applause.]

That is his letter addressed to Hon. Sereno E. Payne, chairman of the Ways and Means Committee.

MR. CLARK.—No man in America did as much to build up the sentiment in favor of free lumber as that same man, Gifford Pinchot. [Applause.] But wait a minute. These smart lumber kings and their attorneys got hold of him down here and pumped into his head their ideas and he was converted. As a conservator of forests he seems to have fallen from grace. I do not charge any corrupt motives in the case. I believe he has been deceived.

Now, in conclusion, I want to give it as my deliberate opinion, with what study I have been able to devote to it, that this bill raises the Dingley rates. [Applause on the Democratic side.]

I do not believe that the American people voted to do that. I believe that when we get that maximum and minimum into operation that will place the tariff rates more than 20 per cent. higher than they are in the Dingley bill. I believe that the speech that the chairman quoted yesterday from President McKinley, at Buffalo, which may be taken as his farewell address to the American people, was the thing that set in operation this widespread movement for the reduction of the tariff. It is a revolution, and revolutions do not move backward. No matter what happens, the men who are in favor of a tariff revision downward this year will be in favor of tariff revision downward next year, especially if you make the tariff bill higher than it is now. Revolutions do not move backward; they move forward.

Though beaten back in many a fray,
Yet freshening strength we'll borrow,
And where the vanguard halts to-day
The rear will camp to-morrow.

[Loud and long-continued applause on the Democratic side.]

On March 25 Oscar W. Underwood [Ala.] opposed the bill. On the question of free raw material Arthur L. Bates [Pa.] questioned him as follows:

The gentleman is opposed to free raw material?

MR. UNDERWOOD.—I am.

MR. BATES.—The gentleman is in favor, therefore, of reducing the tariff rate on manufactured goods?

MR. UNDERWOOD.—I am in favor of putting everything on a revenue rate.

On March 27 Nicholas Longworth [O.] supported the bill. In defending the Republican party in its relation to the tariff he said:

The President of the United States, in his inaugural address, said that, on account of the changes in conditions since the passage of the Dingley Act, a measure could be drawn on a principle equally protective which will permit the reduction of rates in certain schedules and require the advancement of few if any.

This bill illustrates the truth of that statement.

A number of gentlemen on that side have said that this bill in effect was not a reduction measure; that the reductions were insignificant in number. I propose to show that this claim is not founded on fact.

I do not see any better way to determine whether a tariff bill reduces duties than to take the number of duties it reduces, and the Payne bill has reduced five duties for every one that it has increased; and if you include the whole free list and include those articles transferred from the free list for dutiable purposes it reduces fifteen articles for every one that it increases. If that is not a genuine reduction I do not know how there can be one.

On March 29 Ollie M. James [Ky.] opposed the bill.

Mr. Chairman, we have heard a great deal said about the Republican platform and its provisions with reference to the question under consideration. The truth of it is that the last utterance of the Republican platform was the highest protective-tariff declaration ever written by any party. All the other Re-

publican platforms heretofore have contented themselves by declaring for a protective tariff that would equalize the cost of production at home and abroad; but the Republican platform adopted at Chicago in 1908 goes a step farther in this pillaging of humanity and declares not only that the tariff shall be high enough to equal the difference in the cost of production at home and abroad, but in addition thereto that there shall be given to the manufacturer a "reasonable profit." Now what is a "reasonable profit"? Who shall decide how much it shall be? And what right have you to provide that a certain class of our people shall receive a "reasonable profit" from all the rest?

As the trusts gather about this bill, looking over its various items, seeing safely written upon its pages their continued license to steal, a broad smile spreads over their faces, as they throw their hands up and exclaim, "Thank God, there is loot enough in it for us all!" [Laughter and continued applause on the Democratic side.]

On March 31 William Sulzer [N. Y.] opposed the bill as class and sectional legislation, and as injurious to our foreign trade. On the latter point he quoted President McKinley's last speech. He continued:

Sir, there is not a line in the Payne bill to restore the American merchant marine; and increase our revenue by taxing the carrying capacity of foreign-built ships in our deep-sea trade; and it is a matter of much regret that the few Republicans in Congress who control its affairs and dictate legislation favor a ship-subsidy bill, which is another phase of protection, but no remedy at all, only a mere temporary makeshift to rob the many for the benefit of the few by taking money out of the pockets of the taxpayers generally and giving it to a few favored individuals.

Sir, I am in favor of immediate action by Congress for the resumption of the shipping policy which prevailed under the first five Presidents of the Republic, and which brought forth and maintained the best merchant marine on the ocean without the cost of a cent to the American people. We do not need to take a dollar out of the treasury of the United States to revive our shipbuilding industries or restore our merchant marine. All we need to do is to repeal the restrictive laws against our deep-sea shipping now on our statute books, put in their place laws similar to the navigation laws that were enacted by the early statesmen of the country—laws that built up our merchant marine in those historic days—laws that placed our flag on the high seas and gave us nine-tenths of our entire over-seas carrying trade, and we would do it if it were not for the greed and the selfishness of the shipping trust. [Applause on the Democratic side.]

On April 1 Joseph H. Gaines [W. Va.] supported the bill. He spoke chiefly on the question of trusts. In conclusion he said:

I do not hesitate to say that, so far as I am concerned, being as hostile to what are known as "trusts" in all their unlawful operations as any other gentleman on this floor, I yet would not send the business of the country out of the country, even if it were under the control of a trust; and it might just as well be repeated here, that it may be known to as many persons as possible, that this country is the least trust-ridden country in the world. The other countries of the world have trusts more than we have. They may not have such big ones; they cannot have anything of any kind as big in a small country as in a country the size of this; but it ought to be known—and our Republican speakers have made very little of this fact in the great debates they have held with our Democratic friends—it ought to be known that, whereas our Government does whatever it can to destroy trusts or prevent their formation, almost all the other commercial countries of the world foster and aid the formation of manufacturing and selling combinations.

Arsène P. Pujo [La.] opposed the bill, particularly its provision for an inheritance tax.

I am not entirely persuaded that the inheritance tax, as provided for in the measure, will stand judicial scrutiny. While, of course, an inheritance tax has always been construed not as a tax upon property, but as a tax upon the right of succession, yet strong argument could be urged that it is as much a tax upon real estate, constituting the principal asset of the inheritance, as it was held in the income-tax cases that a tax upon rents was a direct tax, and could only be levied by apportionment among the several States. Conceding for a moment the constitutionality of this measure, the policy of its adoption is of doubtful wisdom.

The effect of the adoption of this measure would be the im-

position of a double tax upon the right of inheritance by bequest or by the operation of law.

The measure under discussion provides for a tax upon all inheritances exceeding $500. It is my firm belief that a large per cent. of the tax contemplated under this provision would be collected from people of moderate means, whose estates would not exceed $5,000 or $10,000, and I do not believe that it is a wise policy to impose taxes which would be borne principally by one class of people. However, it seems these days that the function of government is to devise new methods of taking away from the people that which they have worked for instead of making their burdens as light as possible.

Samuel W. McCall [Mass.] supported the bill.

I believe of this bill, as a whole, when we consider the necessities for revenue and the general conditions of the country, that it contains the best set of tariff schedules ever submitted to the House of Representatives by a Committee on Ways and Means. While it recognizes the principle of protection to American industries, and recognizes it as a national and not as a sectional policy, it is leveled against the idea that it is an important function of tariff taxation to increase the fortunes, already great, of those gentlemen who have secured control of some of the great natural resources of the country, or that it is a function of a tariff law to put duties so high that producers in this country by a combination to destroy competition may use them for the purpose of extorting excessive profits from the people.

On April 5 John Dalzell [Pa.] submitted, from the Committee on Rules, a resolution that general debate on the bill should close and certain specified amendments (as to duties on lumber, hides, barley, and petroleum) be acted upon. The resolution was adopted by a vote of 195 to 178.

The bill was amended upon the designated points generally by an increase in duties, and was passed on April 9 by a vote of 217 to 161.

The Senate referred the bill to the Committee on Finance, which, through its chairman, Nelson W. Aldrich [R. I.], reported it with amendments on April 19. It was debated at great length until July 8, when it was passed

by a vote of 45 to 34. A conference was appointed, which reported on July 30. Mr. Payne spoke upon the report on July 31.

Mr. Speaker, in presenting this conference report, I do it with confidence that it will be accepted by this House and that it will be accepted by the country at large as meeting the full requirements of the Republican platform, as meeting the pledges made by our candidate, now the President of the United States [applause on the Republican side], and at the same time will not stop a single wheel of industry, will close no factory, and will deprive no man of labor at a decent, fair wage. [Applause on the Republican side.]

The Senate did not agree with the House as to its provisions in the bill. Exercising their prerogatives under the Constitution, and in accordance with the usual practice, they made many amendments. Many of them were substantial. Great was the divergence of thought and great the disagreement as to the provisions of the bill. Your conferees have had no easy task in the past three weeks in striving to maintain the mandate of the House as put forth in the bill which passed the House. We have made concessions. We have exacted concessions from the Senate, and the concessions on both sides are embodied in this report. I am frank to say that many of the concessions which we made to the Senate improved the original bill, and, on the other hand, some of the concessions which we were obliged to make did not improve the original bill. But I think upon the whole the result is one upon which we may congratulate ourselves on having framed a bill which, if it becomes a law, will reflect credit upon the Congress which enacted it. [Applause on the Republican side.]

Here Mr. Payne discussed in detail various schedules of the conference report, comparing the duties with those imposed in the House bill. The most important changes were as follows:

The *ad valorem* duty on cotton was increased from 40.87 per cent. to 44.07.

The duty on paper was advanced from $2 a ton to $3.75.

The reciprocity provision concerning bituminous coal was omitted, and the duty reduced from 67 cents a ton to 45 cents.

Iron ore was taken from the list and subjected to a duty of 15 cents a ton.

The duty on belting leather and sole leather was reduced from 20 per cent. to 5 per cent., on shoes from 25 per cent. to 10 per cent., on harnesses from 40 per cent. to 20 per cent.

The duty on rough lumber was increased from $1 to $1.25, on shingles from 20 cents a thousand to 50 cents.

Mr. Payne continued:

I want to speak about a few things in the internal revenue. The House put a provision increasing the tax on cigarettes equal to the tax that was put upon cigarettes in the Spanish war revenue bill. The Senate added another provision taxing manufactured tobacco equal to the tax in the war revenue bill, or about equivalent to it, and the House accepted that provision. The House did not have much difficulty in reaching an agreement upon it. That provision altogether will bring in revenue estimated at $9,300,000, and that is quite an addition to the revenues.

Now, Mr. Speaker, the Senate put a tax on corporations of 2 per cent. on the net earnings. It is not for me here to give a history of that legislation in the Senate or why it was brought about, but it was brought about as an amendment to an income tax. I have no use for an income tax, and what use I have for a corporation tax is the fact that you can sometimes get rid of an unconstitutional income tax appended to a bill. It came before the conference committee. It came to the Republican side of that committee as an administration measure proposed by the President of the United States, and we accepted it. We did reduce the tax from 2 to 1 per cent., made some minor amendments, and reported it with confidence to the House. We may have preferred our inheritance tax to that proposition, but under tne circumstances we were more than justified in accepting this provision in the bill, which I hope in its workings will yet prove popular with the people of the United States.

Now it has been asked why the corporation tax as it went to the Senate excluded holding companies. There is no reason in the world why a corporation that owns stock in another company should pay a double tax upon those holdings. It is not equitable, it is not right, and it ought not to be exacted. [Applause.]

When it comes to the breaking up or absorption of a company in order to get rid of competition by another company, I will go the full length in preventing it; but I am not in favor of using the taxing power for that purpose, and, of course, a tax of 1 per cent. would not accomplish any purpose in that respect. It would be an additional burden upon the innocent stockholder who had stock in either corporation.

A word more as to the revenue. These rates increase the revenue from customs less than $4,000,000. The corporation tax is estimated to produce $26,000,000; tobacco, nine and one-third million dollars—about $40,000,000 of increase of revenue—revenue enough, when this bill gets into full working order, to supply the necessary demands of the Government; not to build the Panama Canal. We will leave that to another generation. We have provided for bonds that will establish the policy of the Government in that respect. The Dingley law during all its period of existence has provided ample revenue, and there is no doubt this law will do the same for another twelve years. Let us pass it, gentlemen on this side of the House. The duty is ours; the time has arrived. Vote against it if you want to drive your party into chaos; vote against it if you want eternal agitation about the tariff. Go on and vote against it if you choose, but do not do that on the idea that you are going back to the Dingley bill or the Dingley rates.

That is a delusion; you will not get it, but you will get agitation instead. There would come in another bill one of these days, and in the meantime the wheels of industry will stop, enterprise will be paralyzed; the country will stand still or will move backward, and you will curse the day when you failed to go with the great majority of your party, almost all of them, your President having lent his approval to this bill, if you fail to stand in the hour of the country's need and of your party's need and vote against this bill. Let us pass it when the hour of 8 o'clock arrives, and give courage and joy and happiness to the people of the United States. Let us start the remaining idle wheels of industry; let us put every man who wants to work at work; let us build up the happy homes in the United States as they will be, and they will bring the great pæans of their applause for your patriotism and statesmanship in meeting this emergency. [Loud and long-continued applause on the Republican side.]

Mr. Clark rose and was recognized amid prolonged applause on the Democratic side.

Mr. Speaker, this conference report has been heralded and headlined in the newspapers as a tremendous victory for President Taft over the forces of evil in the Republican party, represented by Senator Aldrich and other distinguished Republican statesmen. We are told that congratulations are pouring in upon him from every side.

Well, a man must have a very curiously constituted mind to conclude that the result of this conference is in any reasonable sense a redemption of Republican pledges before the last election to revise the Dingley rates down. [Applause on the Democratic side.]

I want to do President Taft justice. I am his personal friend, and have been since I first set eyes upon him. His laudable desire for the square deal and his love of fame would naturally and inevitably cause him to wish that his pledges be redeemed in such a way that he could look the American people proudly in the face; but he has been grossly misled as to the nature of this report. Those downward revisionists who are congratulating the President uproariously are most assuredly thankful for small favors. No man will begrudge him any glory justly his due; but when we reflect upon the fact that, even according to his most enthusiastic eulogists, he insisted at a late day on lowering the rates on only half a dozen items, or thereabouts, when the rates should have been lowered on hundreds of items, and that the conference report still reeks with largesse for the few and extortion from the many, his glory will experience a greater diminution than have the rates of the Dingley law.

Here the speaker presented a table comparing the Dingley duties with those of the conference report. It showed a total increase over Dingley duties, $5,649,002, or 1.71 per cent. increase. These estimates were based on the imports of 1907.

Mr. Clark continued:

These estimates do not take into consideration a whole lot of things which were taken from the free list in the Dingley bill and put on the tariff list in this conference report, and when they enter into the calculation it will run the average increase of the conference report above the rates in the Dingley bill by about 2 per cent.

The very best that the Republican arithmetician of the Republican conferees [Major Lord] can figure out as a great victory for the President and a great victory for the downward revisionists of the Republican party is that after all of this hullabaloo, after all of the time, delay, sweat, and toil on this bill, beginning on the 10th day of last November and coming down to the present day, you have made the infinitesimal reduction of ninety-seven one-hundredths of 1 per cent. [Applause on the Democratic side.] As a genuine tariff reformer, who has stood by his guns in season and out of season, in sunshine and in storm, I say that that is the most pitiful conclusion of a great movement that is recorded in the history of mankind. [Applause on the Democratic side.]

A classical scholar like my friend from Pennsylvania [Mr. Olmsted] must think of the old Latin sentence, *"Parturiunt montes; ridiculus mus nascetur,"* which, with tense changed, may be freely translated, The mountains were in labor and a ridiculous mouse was produced. [Laughter and applause on the Democratic side.]

Here Mr. Clark discussed the duty on lumber.

There is a great hullabaloo in the newspapers about the tariff on rough lumber having been reduced to $1.25. Is it reduced to $1.25? No. If rough lumber is worth $10 a thousand, when this bill goes into effect in March next the rate will be $1.25 per thousand and 25 per cent. *ad valorem,* which would make it $3.75 per thousand. So that instead of getting cheap lumber, which we have been clamoring for for a great many years, some on both sides of the House, we are to get very high-priced lumber, and I protest against it in the name of everyone who has to build a house between the two oceans. [Applause on the Democratic side.]

The lumber feature is a sample of the rest, 25 per cent. *ad valorem* increase above the conference rates on all the rest, and I say that, with that feature staring me in the face, as a proposition to reduce the tariff downward this bill is the most stupendous fake in the history of mankind. [Applause on the Democratic side.] It is a colossal bunko game. The people asked for bread and you are giving them a stone.

Here Mr. Clark declared that the bill would create a deficiency in the Treasury. He said in conclusion:

The final verdict on this bill is not made up by the sycophants and enthusiasts who sound praises into the ears of Presi-

dent Taft at this time, but the verdict on the merits of this bill will be made up piecemeal every time the head of a family, every time the woman of the house, buys a bill of goods in any store. [Applause on the Democratic side.]

Mr. Longworth supported the bill. He dwelt particularly on the corporation-tax feature. He denied that this provision had been evolved for the purpose of defeating the income tax in the Senate, declaring that it had been planned by President Taft even before his inauguration.

Three definite propositions have been considered since the beginning of this extra session—an inheritance tax, such as was contained in this bill as it passed the House; a tax upon the receipts of corporations, such as was contained in the bill as it passed the Senate; and a proposition which contained these two; and, in addition, a tax on individual incomes, which was presented in the Senate and was known as the Bailey-Cummins amendment. It is true that the inheritance-tax feature of this amendment is not precisely the same as that which passed the House, but it is, nevertheless, a tax on inheritances. It is true, also, that the corporation tax of this amendment is not the same as the corporation tax as it passed the Senate, but it is a tax upon the net income of all corporations, and in principle they are practically identical. While the Bailey-Cummins amendment is generally referred to as an income tax solely, it is, in fact, in addition to this, an inheritance tax and a corporation tax measure.

Generally speaking, the Bailey-Cummins amendment is an almost exact reproduction of the income tax adopted in the Wilson bill. Hardly any change has been made in it, except that the exemption has been increased from two to five thousand dollars. I gathered in the debate here the other day that some gentlemen on the other side would prefer that the exemption should be increased even above this point. The gentleman from Alabama [Henry D. Clayton], in reply to a question I addressed him, said that he would exempt incomes of $7,500. Evidently the gentleman from Alabama, if he had the drafting of an income-tax law, would see to it that those who voted for it should not be included in its provisions. [Laughter.]

MR. CLAYTON.—I would exempt all the poor men and all the men with small incomes, so that I might get their support, in order in that way to make the multimillionaires, who now pay

no taxes, contribute something to the support of the Government. [Applause on the Democratic side.]

MR. LONGWORTH.—Oh, the gentleman advocates a class system of taxation.

MR. CLAYTON.—It is not a class system. Does not the gentleman admit that every corporation whose net income does not exceed $5,000 is exempt?

MR. LONGWORTH.—Most assuredly.

MR. CLAYTON.—Is not that the same principle that would exempt the individual in an income tax? What is the difference in principle? I should like to have the gentleman elucidate it.

MR. LONGWORTH.—The difference between investigating the personal affairs of an individual and the affairs of a corporation, which I think should be made public.

SWAGAR SHERLEY [Ky.].—If the gentleman is warranted in saying that the corporation tax is superior to an income tax, how is the gentleman warranted in not taxing bondholders in place of stockholders?

MR. LONGWORTH.—It was seriously considered in drafting this measure, as I understand it, whether constitutionally the bonds could be gotten at, but it was deemed that it would make the measure unconstitutional, and for that reason it was not put in.

Mr. Speaker, that this measure discriminates between corporations and individuals is, to my mind, not a fault, but a virtue. I have heard over and over again this argument: Suppose A is a corporation engaged in doing business upon one corner of a street. B is a partnership doing a business precisely the same, both as to character and volume, on the other corner of the street. Is it fair that establishment A should pay a tax to the Government upon its net earnings, and that establishment B should go free? My answer is, "Yes." By virtue of having incorporated his business, A has certain advantages which B, managing his affairs as a partnership, has not. Among other things, his liabilities are limited, and he has the right of perpetual succession. He has paid something for the privilege of becoming a corporation and of enjoying these advantages, and hence has shown that he deems them to be of value. The members of the partnership have not asked from the Government any privileges that they are not entitled to as individuals, and it seems to me that they have the right to consider that their profits are their own private affair.

As to the constitutionality of this tax I shall have but little

to say, because I take it to be beyond argument. If anyone holds any doubt upon this question, I would recommend the reading of the speech recently made in the Senate by the junior Senator from New York [Mr. Root], in which he goes thoroughly into the question of the constitutionality of this legislation. His speech is a masterpiece of clearness and force, and leaves practically nothing to be said upon the subject.

But there is a feature of this measure which, to my mind, is of special importance, and that is the feature of publicity. This measure compels the corporations to state in general terms what their gross earnings have been, what has been charged off to repairs, renewals, maintenance, and overhead charges, and what remains which can reasonably be considered their net profit from the business every year. To my mind, it will be of immense advantage to the stockholders of corporations throughout the country. I venture to say that the vast majority of all the stockholders have no real idea of what their legitimate profits have actually been.

I have heard again and again urged against this measure the old argument that it will cut into the savings of the widows and orphans. This is the argument we always hear when any legislation is contemplated which affects a corporation. I believe this measure is for the direct benefit of the widows and orphans and all stockholders, to whose interest it is that the affairs of the corporations of which they are part owners shall be wisely and intelligently administered.

The junior Senator from New York, in his speech, called attention to another feature of this measure which I think is of the greatest importance, and that is the difficulty of making a well-considered protective tariff with the almost inconceivably meager information that we really have concerning the affairs of corporations which the tariff really affects.

I thoroughly believe that publicity in the affairs of corporations will be a benefit, not only to the public at large, not only for the benefit of the small stockholders, but for the benefit of the corporations themselves. I believe that a reasonable publicity will cause millions of the public's money to come out of hiding and seek investment in corporate stock, and that floods of money will come to this country from foreign investors.

I believe that this measure is in line with the great progressive measures which have been enacted by the Republican party in the past eight years for the supervision and regulation by the Government of corporate wealth, the question which, to my mind, together with the question of the conservation of our

national resources, overshadows all others in importance. I believe that in evolving and advocating the passage of this law the President of the United States has redeemed in the fullest measure his pledge that he would, during his administration, proceed along the paths blocked out by his predecessor; that he would use every effort to bring to his policies their fullest fruition. [Applause.]

Mr. Underwood, at the close of a speech, more or less statistical, against the bill, discussed the feature of the corporation tax.

I know there is a sentiment among some people that is antagonistic to corporations; that in some quarters the antagonism to corporate interests is intense; but the American people are just and cannot be misled by an appeal to prejudice, so I am surprised that a great political party should, under the cloak of that sentiment, attempt to put a tax on the people of the United States that is not intended primarily to raise revenue, but has for its ultimate goal the purpose of invading the rights of the States in their control of domestic corporations. [Applause on the Democratic side.]

The Democratic party, recognizing that every man should pay in proportion to what he has, proposed to exempt him on his consumed earnings, the money that the ordinary man spends in his living expenses, because he is already paying his taxes to the full amount of his living expenses, and proposed to adopt an income tax to make him pay taxes on his unconsumed wealth that the Government is protecting for him. Now that was fair, that was just. It was so just that when the Democrats in the United States Senate proposed such an amendment to this bill the Republican ranks could not stand the fire, and they broke to our standard. [Applause on the Democratic side.] They came to our proposition, that to put an income tax on the unconsumed wealth of this country was equality in taxation, and therefore just.

To defeat that proposition, to prevent that righteous verdict from being found, the President of the United States and the Republican leaders in Congress proposed this tax on the incomes of corporations—incomes that go to the poor as well as the rich; income that is consumed in living expenses as well as that which is unconsumed and hoarded.

ROBERT C. WICKLIFFE [La.].—Suppose a holding corporation has a net income of $5,000 derived from business, and in

addition to that it owns four-fifths of the stock in a dozen other corporations, no one of which other corporations has a net income exceeding $5,000; then this holding company would receive $53,000 net income if the income of each of these twelve corporations was $5,000; and yet under the provisions of this corporation-tax law as now written it would not pay one cent of taxation on that net income. Is not that correct?

Mr. Underwood.—The gentleman is absolutely correct, and his illustration is a good one to show the inequalities of this proposition.

Now, here is the proposition when you analyze it. The great corporations in this country that are violating the law of the land should be regulated by the Government, but there is no prejudice in the minds of the people against the little domestic corporations in the States that are doing a legitimate business. Their charters are granted by the States. If the people of the States think these corporations are performing an unrighteous act, they have the power to revoke their charters or to regulate them; but when you reach out, as in my opinion this law is intended to do, and first make these little corporations pay a small tax, then say they must take out a federal charter when they pay that tax, and then put an additional tax on all State corporations that have not taken out a federal charter, your State control has gone to the winds; you have destroyed your control at home and you have built up the vastest power in the Federal Government that the mind of man can conceive of. [Applause on the Democratic side.]

As to the question of the justice of the taxation, you can readily see that the great millionaire who has got hundreds of millions of dollars invested in bonds, hundreds of millions in real estate in some great city which is protected by the Government, pays no tax under this corporation-tax law he would pay under an income tax. And yet the small merchant or a dozen little fellows off in a State who have ten or twenty thousand each invested in some little corporation, the income from which they are spending in living expenses, every dollar that they are getting out of those corporations, paying taxes on it when they buy their clothes, when they buy their cigars, when they spend their money—and yet must have an additional tax placed on them because, forsooth, they have joined together under the State law for a legitimate purpose. For what purpose? Not for the purpose of raising more revenue for the Government, but to give the national Government control of domestic corporations, and that it might be used as a weapon to defeat an hon-

est income tax that would equalize the burdens of taxation on all the people. [Great applause on the Democratic side.]

The House agreed to the conference report by a vote of 195 to 183. The Senate agreed to the report on August 5 by a vote of 70 to 0. President Taft approved the bill on August 5, 1909.

CHAPTER XVII

The Income Tax

Origin of the Tax—Acts of 1861, 1870 and 1894—Act of 1861: in Favor, Representative Jacob H. Ela [N. Y.]; Opposed, Representative Dennis McCarthy [N. Y.]—Act of 1870: in Favor, Senator John Sherman [O.]; Opposed, Senator Roscoe Conkling [N. Y.]—Act of 1894: in Favor, Representative Benton McMillin [Tenn.], Representative Uriel S. Hall [Mo.]; Opposed, Representative W. Bourke Cockran [N. Y.]—Proposed Single Tax Substitute for Income Tax (1894): in Favor, James G. Maguire [Cal.], Tom L. Johnson [O.]—Income Tax (1894) Is Declared Unconstitutional by Supreme Court—Nelson W. Aldrich [R. I.] Reports in the Senate from the Committee on Finance a Joint Resolution Proposing the Submission to the States of a Constitutional Amendment Providing for an Income Tax—Debate: Speakers of Varying Views, Anselm J. McLaurin [Miss.], Norris Brown [Neb.], William J. Stone [Mo.], Joseph W. Bailey [Tex.], Joseph M. Dixon [Mont.], Weldon B. Heyburn [Ida.], Hernando D. Money [Miss.], Porter J. McCumber [N. D.], Albert J. Beveridge [Ind.]—Senate Passes Joint Resolution—Debate in the House on the Resolution: in Favor, Sereno E. Payne [N. Y.], Champ Clark [Mo.], Ollie M. James [Ky.], Gen. J. Warren Keifer [O.], Adam Byrd [Miss.], Richmond P. Hobson [Ala.]; Opposed, Samuel W. McCall [Mass.], Ebenezer J. Hill [Ct.]—Robert L. Henry [Tex.] Offers an Amendment to Joint Resolution to the Effect That Proposed Constitutional Amendment Be Submitted to the Conventions of the States Instead of the Legislatures—His Amendment Is Ruled Out of Order—Bill Is Passed by House, and Becomes Effective Without the Signature of the President.

SHORTLY after the outbreak of the Civil War, while the vexing question of raising revenue to supply a deficiency of $20,000,000 was before Congress, James R. Simmons [R. I.] advocated in the Senate "a moderate tax on all incomes exceeding $1,000." This tax, he declared, was well adapted to the purpose of providing the necessary money without public distress. It was heartily endorsed in both Houses as a fair and equitable measure.

Accordingly, on August 5, 1861, a provision was inserted in an internal revenue bill by which a general tax of three per cent. was laid on annual incomes, $800 being exempted from taxation in each case. Foreign residents, however, paid five per cent. upon incomes, and all owners, whether at home or abroad, of Government securities paid only one and one-half per cent. upon the interest from these.

Act of 1870.

When, in June, 1870, a bill to reduce internal revenue came before the House Dennis McCarthy [N. Y.] moved to strike out the income tax clause.

This tax is unequal, perjury-provoking, and crime-encouraging, because it is at war with the right of a person to keep private and regulate his business affairs and financial matters. The people demand that it shall not be renewed, but left to die a natural death and pass away into the future as pass away all the evils growing out of the Civil War.

Jacob H. Ela [N. Y.] opposed the motion.

I believe the income tax as at present paid is one of the most just taxes laid, and affects no person who has not received a net income above the amount required for the reasonable support of a family, while most other national taxes, except those from succession and legacies, come from people who are struggling to get the means of support.

Mr. McCarthy's motion was defeated by a vote of 60 to 124.

On June 3 various amendments proposed were voted upon. The minimum amount of income was fixed at $2,000. It was also agreed that the statements of incomes be kept secret from all but the Internal Revenue Department. Substitutes for the measure, namely, a tax on Government bonds, and a tax on corporations, to be deducted from interest and dividends before payment, were voted down.

When the bill came before the Senate, Roscoe Conkling [N. Y.] opposed the income tax feature.

This tax breeds more jealousy, more discontent, more invidious and odious discrimination, and more demoralization, I undertake to say, than any other tax enforced by law.

John Sherman [O.] replied to Mr. Conkling.

The Senator says this tax is unequal, that rogues escape and honest men pay. Is not that so with all taxes in all the

THE FINANCIAL INQUISITION

Grand Inquisitor, U. S. GRANT. *Associate Inquisitors*, G. S. BOUTWELL, F. E. SPINNER, JOHN SHERMAN. *Executioner*, C. DELANO

Associate Sherman: "Well, well, Uncle Sam does stand a good deal of pressure. Executioner, keep piling the weights on"

From the collection in the New York Public Library

States? Was there ever a tax that was fairly assessed and honestly collected in all respects?

But, sir, there never was so just a tax levied as the income tax. Why? The income tax is simply an assessment upon a man according to his ability to pay.

The Senate greatly modified the income tax provision, limiting the operation of the tax to two years, and reducing the rate to two and one-half per cent.

ness interests of the country, is to change your tariff schedule every two years.

Another argument presented by Mr. Hall was that the income tax would reach a certain class of men living outside of the cities who had their property invested in choses in action, which were not taxable under the laws of most of the States.

W. Bourke Cockran [N. Y.] spoke against the amendment. It was opposed, he said, to the principles of the Democratic party.

This is not a tax upon the men who have enjoyed any special benefit from the Government; it is a tax upon the men who have made the best use of the benefits which are common to all. The vast majority of the persons affected by this tax have never received any special benefit from the Government, but have been injured by the inequality of tariff laws.

Sir, I protest against this betrayal of our ancient principles. I protest against this treason to our faith, to our platform, to our traditions, to our heroes. I protest against partial laws, whether they be intended to favor the few or the many. I demand for all men the same equality before the law which they enjoy in the sight of God.

On January 31 James G. Maguire [Cal.] proposed as a substitute for the income tax that a direct tax of $31,311,125 be annually laid on the land values, exclusive of improvements (the single tax), in the United States, and apportioned to the States and Territories and District of Columbia, these values to be assessed at the full market rates.

The immediate purpose of my amendment is to provide a method better than the general income tax for $31,000,000 to meet a portion of the deficiency expected to arise under the Wilson tariff bill. The income tax, proposed by the gentleman from Tennessee [Mr. McMillin], can nearly all be shifted from the immediate payers to the shoulders of the poor, or comparatively poor, who consume the products of the industries out of which the incomes arise, or who borrow the money upon which incomes, in the form of interest, are paid.

The house refusing to concur in all the Senate amendments, a conference committee was appointed. The committee in their report advised virtually the adoption of the Senate amendments in regard to the income tax. Both Houses concurred in the report, and the bill was signed by President Ulysses S. Grant on July 14, 1870.

Act of 1894.

On January 29, 1894, Benton McMillin [Tenn.], from the Committee on Ways and Means, offered in the House an amendment to the Wilson tariff bill, laying a two per cent. tax on incomes over $4,000 a year. In supporting his amendment he presented the following arguments:

1. An income tax would remove part of the great burden resting upon the consumer and place it upon accumulated wealth.
2. It was not unjust to tax wealth for the support of a government from which it receives protection.
3. The argument that an income tax is productive of perjury was not pertinent—to carry out this reasoning would be to advocate removing from our statute books every law that is enacted against crime.
4. A method was proposed by which the income tax was made less inquisitorial than customs and internal revenue taxes.
5. The amendment was so constructed that the income tax could not operate as a tax upon thrift. Each citizen was exempted from taxation to the extent of $4,000, and every income exceeding that amount was taxed at a uniform rate.
6. The adoption of an income tax would remove much of the discontent among the laboring classes.

Other speakers advanced various arguments in favor of an income tax. Uriel S. Hall [Mo.] said that one of its best features was the constant change in the amount of revenue collected under it.

Without an income tax the only method at your command for producing the proper flexibility of revenue to meet the flexible demands of the Government, without disturbing the busi-

The vote was taken at once on Mr. Maguire's amendment to Mr. McMillin's amendment—yeas 6, nays 180.

Tom L. Johnson [O.] said:

Mr. Chairman, I desire to put on record the names of the gentlemen who have had the foresight and the patriotism to vote for this single-tax amendment. They are the gentleman from California, Mr. Maguire (the mover of the amendment); the gentleman from New York, Charles Tracey; the gentleman from New York, John DeWitt Warner; the gentleman from Ohio, Michael D. Harter; the gentleman from Kansas, Jerry Simpson, and myself.

Mr. McMillin's amendment was then passed, amid loud applause on the Democratic side, by a vote of 175 to 56. Mr. Cockran voted in the negative.

The passage of the Wilson bill by the House carried with it this amendment. The income tax feature was upheld by the Senate, though strenuously opposed by David B. Hill [N. Y.] and others.

Income Tax Decision of the Supreme Court

On March 7, 1895, a suit [the Pollock case] was begun in the Supreme Court to test the constitutionality of the Income Tax law. On April 7 the Court decided:

(1) That taxes on the rent or income of real estate are direct taxes.

(2) That so much of the Act of 1894 as attempts to impose a tax upon the rent or income of real estate without apportionment (among the several States according to their population) is invalid.

These questions were decided by a vote of 6 to 2. The Court further decided that the tax upon income derived from municipal bonds was invalid. This tax, they declared, was a tax on the power of the States and their instrumentalities to borrow money, and was therefore unconstitutional. On this point the vote was unanimous.

On the other features of the law of 1894 the Court was evenly divided, and hence no opinion was expressed.

William D. Guthrie [Cal.], who had argued against the law before the Court, became impressed with the idea that, upon a rehearing, a majority of the Court could be induced to declare the entire act invalid. This led to an application for a rehearing, which was granted. The Court convened again to consider the case on May 7, 1895.

On May 11, by a majority of 1, the Court declared the Income Tax law constitutional. Chief-Justice Fuller began at once to prepare the opinion of the minority. Later, however, Justice Shiras, who, ever since the first hearing on the case had seemed in doubt on many points, changed his vote, thus turning a minority into a majority, and deciding adversely the fate of the entire Income Tax law. The final vote of the Court was as follows: Against the law—Chief-Justice Melville W. Fuller [Dem.], Justices Stephen J. Field [Dem.], Horace Gray [Rep.], David J. Brewer [Rep.], and George Shiras, Jr. [Rep.]. Dissenting—Justice John M. Harlan [Rep.], Henry B. Brown [Rep.], Howell E. Jackson [Dem.], and Edward D. White [Dem.].

The decision of the majority was taken on the ground that the taxes on income from real estate, as well as those on bonds, stocks, and investments of all kinds, were direct taxes not apportioned among the several States, and were therefore repugnant to the Constitution. And these taxes, they said, "formed a vital part of the whole scheme." If they were stricken out,

> This would leave the burden of the income tax to be borne by professions, trades, employments, and vocations, and in this way what was intended as a tax on capital would remain in substance a tax on occupations and labor. We cannot believe that such was the intention of Congress.

Justice Harlan delivered the principal dissenting opinion. He argued that the main feature of the income tax, *viz.:* the tax on income derived from rents, was not a direct tax. He also declared:

> The judgment just rendered defeats the purpose of Congress by taking out of the revenue not less than thirty and possibly

> fifty million dollars. We know that taxation would not have been reduced to the extent it was by the Wilson act, but for the belief that if the country had the benefit of revenue derived from a tax on incomes it could be safely done. If all the income tax sections of the Wilson act must fall because some of them are invalid, does not the judgment this day rendered furnish ground for the contention that the entire Wilson act falls when the court strikes from it all of the income tax provisions, without which the act would never have been passed?

This dissenting opinion of Justice Harlan was considered remarkable, not only for its arguments, but for its *delivery*. Said the New York *Herald:*

> He began in a low and distinct tone, but it soon became evident that there was a good deal of feeling in his words. He raised his voice and gesticulated with considerable violence to the members of the bar in front of him. It is doubtful if ever before in the history of the Supreme Court there has been witnessed a scene as remarkable as this, or if ever before a justice has gone to such lengths in criticizing and denouncing the action of a majority of a tribunal of which he was a member. Some of Justice Harlan's phrases almost caused consternation among the members of the bar who sat before him. His impassioned denunciation of the decision, and some of the criticisms he made on the reasoning of the justices who prepared it, indicated that his opinions had a strong leaning toward advanced socialism.

As we have seen in the debate on the Payne-Aldrich revenue bill, [see page 376ss], a strong desire arose in Congress in April, 1909, to embody in the general tariff bill an income tax provision that could not be construed by the Supreme Court as unconstitutional. This method, however, was finally discarded as impracticable—it was urged that, no matter how the provision might be formulated, the tax would be declared unconstitutional.

The logic of the situation, therefore, was that Congress, to be consistent, should place the constitutionality of the admittedly desirable tax beyond question. This could be done only by proposing an amendment to the Constitution, especially declaring that an income tax might be levied by the national legislature.

Consistency further required that the party in power introduce the proposition. Therefore, and with further appositeness, Nelson W. Aldrich [R. I.], the Republican leader in the Senate on the tariff bill, on June 28, 1909, while the tariff bill was still under discussion, reported from the Committee on Finance a joint resolution proposing the submission to the States of the following amendment to the Constitution:

> Article XVI. The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States and without regard to any census or enumeration.

The resolution was based on one which had been offered on April 27 by Norris Brown [Neb.] and referred to the committee.

The resolution came up for discussion on July 3.

The Income Tax [Constitutional Amendment]

Senate, July 3, 1909

Anselm J. McLaurin [Miss.].—Mr. President, I do not believe that there is any necessity for any constitutional amendment to authorize the Congress of the United States to enact an income tax. Whatever may be the intention in bringing forward the proposed amendment, I think the effect will be to defer the enactment of any law providing for an income tax. I think the effect of it will be that there will be probably more than a fourth of the States of the Union which will refuse to ratify the action of Congress when this proposed amendment to the Constitution is presented to the States for ratification, and then I think that will be presented to the Supreme Court of the United States as an argument why an income tax should be held to be unconstitutional. I think it would be urged as a very plausible argument before the Supreme Court of the United States that the people are not in favor of an income tax and do not believe that an income tax would be constitutional.

I cannot conceive that there can be any necessity for any constitutional amendment. If I understood the vote yesterday,

> the proponent of this proposed constitutional amendment voted against the income tax.
>
> Senator Brown.—I voted for an income tax.
>
> Senator McLaurin.—The Senator from Nebraska, as I heard it, voted to substitute the corporation tax for the income tax.
>
> Senator Brown.—I did. A corporation tax is a tax on incomes, which the court has sustained. I voted for that which the court sustained and rejected that which the court rejected.
>
> Senator McLaurin.—I do not see that the Congress of the United States should be called upon to zigzag around the inconsistent rulings of the Supreme Court of the United States. Without intending any reflection upon that tribunal, it is composed of men just exactly as the Congress of the United States is composed of men. I believe there are just as good lawyers in the House of Representatives and in the Senate of the United States as there are on the Supreme Bench.
>
> Senator Brown.—That is true; but they are not on the bench.
>
> Senator McLaurin.—I know that the members of the Senate and the members of the House are not on the Supreme Bench, but that does not necessitate nor argue for the abnegation of the right of the Senators and Representatives in Congress to pass their judgment upon a constitutional question. It is for us to pass that which we consider to be a constitutional law, and it is for the Supreme Court to undo it or not, as it sees proper.

On July 5 William J. Stone [Mo.] supported the Brown resolution.

> I wish to read a declaration contained in the Democratic national platform which was promulgated at Denver in 1908. It is as follows:
>
> We favor an income tax as part of our revenue system, and we urge the submission of a constitutional amendment specifically authorizing Congress to levy and collect a tax upon individual and corporate incomes, to the end that wealth may bear its proportionate share of the burdens of the Federal Government.

That declaration, clear and explicit, is alone sufficient to determine my attitude with regard to the resolution to be voted upon to-day. I am gratified to note this one more example, in addition to those I have heretofore pointed out, of Republicans following in the wake of Democratic leadership and along lines blazed by our Democratic pioneers. The President has taken

his stand on the Denver platform, and a Republican Senator has culled one of its declarations and formulated it into the legislative proposition now before the Senate.

Mr. President, fear has been expressed that more than one-fourth of the States will withhold their consent to the amendment and reject it, and then it is apprehended that an argument will be based on that circumstance to induce the Supreme Court to adhere to the doctrine announced in the Pollock case if ever the constitutionality of an income tax is again before that tribunal.

Mr. President, I cannot persuade myself that more than one-fourth of our American States will reject this proposed amendment to the Constitution. But if 12 States should by bare majorities in each reject the proposition, and 33 States should agree to it, as they would by large majorities, it would still be manifest that the great body of the people favored the amendment. If the Supreme Court should be called upon to review the Pollock case, and should be inclined to return to its earlier and, I think, sounder rulings, namely, that an income tax was within the Constitution, I can see no good reason why the court would hesitate to adopt that course even if this amendment should fail of ratification.

Joseph W. Bailey [Tex.] offered an amendment to the Brown resolution.

I move to strike out the word "legislatures," in line 5, and to substitute the word "conventions"; and in line 9, after the word "incomes," I move to add the words "and may grade the same."

Mr. President, of course the Senate will at once understand that the purpose of the first amendment is to submit the ratification of this proposed amendment to conventions called in each State for that purpose, rather than to the legislatures. Legislatures are elected with reference to many questions. Legislatures may be chosen upon local issues. The members may change their opinions, as members of the Senate have done upon this very question, between the time they are chosen to the legislature and the time when they are required to vote.

The second amendment, Mr. President, gives distinct and specific authority to graduate an income tax, and I think that necessary only as a matter of abundant caution. I would not, perhaps, have thought it necessary at all, except for the statement of Judge Brewer, in the case of Knowlton *vs.* Moore, where

he dissents from the opinion of the court sustaining the validity of the inheritance-tax law upon the ground that Congress had no power to grade it.

SENATOR MCLAURIN.—There are many Senators who believe that it is not necessary to have any amendment to the Constitution.

The mischief in reference to an income tax in every discussion of it before the court has grown out of six words, three of them in clause 3 of section 2 of Article I of the Constitution, and three of them in clause 2 of section 9 of Article I of the Constitution. In the first place it says:

> Representatives and direct taxes shall be apportioned among the several States—

The words "and direct taxes" in that instance, and in the next—

> No capitation or other direct tax shall be laid.

The words "or other direct" are the words that make the mischief in this clause 4 of section 9. With these six words stricken out of the Constitution in the places where they occur, as I have indicated, there could be no trouble about the levying and collecting of an income tax.

Senator McLaurin therefore proposed as a substitute for the Brown resolution to strike out of the Constitution the words indicated.

Joseph M. Dixon [Mont.] opposed the submission of the Amendment to State conventions.

In many of the States the expense of holding elections for delegates to a constitutional convention will be so large that the question of expense will be used as an argument against it. I think in my State it will cost the State $100,000 to hold its constitutional convention and the election for the choosing of delegates.

I am convinced this will complicate matters. On the other hand, if the joint resolution passes both the Senate and House, as it will undoubtedly, the governor of each State in the Union will certify to the next general assembly of the States the fact that the joint resolution has passed both Houses of Congress, and it will be brought directly and forcibly to the attention of the people in every State.

I for one believe that this amendment will carry in nearly every State of the Union. Suppose, as it has been intimated, that influences should be used in a State with the members of the legislature against it and that legislature returns and goes home without adopting the amendment, it makes it the burning live issue in that State. The joint resolution of Congress does not become *functus officio* because one legislature of a State at that time has not adopted it. It will rest on the legislatures that will assemble in the future, and whenever three-fourths have finally ratified it, whether it be one, two, three, five, or ten years, it then becomes a part of the fundamental law of the United States. I am thoroughly convinced that the convention method will complicate more than it will help.

WELDON B. HEYBURN [Ida.].—Does the Senator contend that it might be submitted to an indefinite number of subsequent legislatures, or would the action, either positive or negative, of the legislature to which it was first submitted exhaust the right?

SENATOR DIXON.—I presume if the legislative action were positive or negative it would be exhausted in that State.

SENATOR HEYBURN.—Then, if the legislature to which it was submitted failed to act that would be the equivalent of a rejection of the amendment.

SENATOR DIXON.—No; if the legislature failed to act, I do not think for a moment it would be.

SENATOR BROWN.—Unless some good controlling reason is presented why we should change our method of amending the Constitution, I do not think we can justify our vote against following the usual method. The legislature is an existing institution in every State. A convention would have to be arranged for. The legislatures, by virtue of the several State constitutions, meet every two years in most of the States. We do not have to wait for somebody to call a convention. The legislature is already called. We do not have to worry about the expense of the legislature, because the expense is already incurred.

In addition to all these objections, Mr. President, there is one other which ought to cause Senators in this body to vote against the proposed amendment for ratification by conventions. I know the fight that has been made in a large majority of the States of this country for a primary law. There has been a fight of the people in a majority of the States of the Union to get away from legislators who are nominated in conventions, and in many States they are now nominated at a primary. Members of Congress who used to be nominated in

conventions are now nominated at a primary. The members of the several legislatures of the States that have primary laws do not have conventions. They have no law for electing delegates to any convention at a primary.

Now, then, Mr. President, as to the other amendment offered by the Senator from Texas, where he asks that the words "and the right to grade" be put in, I think already the language of the joint resolution gives Congress the power to grade the income. The power to lay a tax includes the power to grade. Of that no doubt can reasonably exist, in my judgment.

HERNANDO D. MONEY [Miss.].—The difficulty that presents itself to my mind is to secure the 12 States which everybody admits are quite likely to defeat any amendment of this sort to the Constitution. The method presented by the Senator from Texas is probably the best, but the same influences that will control the votes of the legislature will prevent the legislature from calling a convention.

We had great difficulty in passing the last two amendments to the Constitution, which seemed to be so very necessary in our system of political economy as to fix the status of several million freedmen. I am one of those who do not believe that either the fourteenth or fifteenth amendment was ever validly made a part of the Constitution.

Mr. President, I do not believe that this amendment to the Constitution will ever be a part of it. I am willing to vote for it, and I should like to see it adopted, if possible; but I am quite sure that those influences which have prevented a vote on the income-tax amendment in this Senate will also prevent a vote in at least twelve of the legislatures of this Union. We can feel quite sure that an act of such far-reaching importance, that touches the pockets of very many rich people, is not very likely to become a part of the organic law of our Republic or of our confederation.

SENATOR BAILEY.—Mr. President, if, instead of submitting this amendment to the legislatures, that may act and react, and go forward and recede, we submit it to a convention in every State, then every member of that convention will be selected solely with reference to this single question; he will be compelled to stand in the presence of the people whose suffrage he seeks and declare, upon his honor as a man and as a citizen, whether or not he favors this amendment. This procedure will be as nearly as possible a submission of the question to a direct vote of the people.

Now, a number of Senators have suggested to me that the

question of expense might be an important one, and therefore I desire to say that, if the amendment I propose should be adopted and we should refer this joint resolution to conventions, instead of to the legislatures, I shall follow it with a resolution providing, out of the general treasury, for the expense of holding the conventions in every State.

PORTER J. MCCUMBER [N. D.].—If the legislature were composed of men who would naturally be against the amendment, would it not be more convenient and more easy for them to avoid the calling of a convention than it would to meet the matter directly?

SENATOR BAILEY.—If I were a member of the Texas legislature, and this amendment were submitted for ratification by the legislature, and I were opposed to it, I should vote against it; and they might bring Gatling guns and train them on the capitol, but I would still vote against it if I were honestly opposed to it. But, sir, if the amendment were submitted to the ratification or disposition of a convention, I should feel in honor bound, both as a member of the legislature and as a citizen, to afford to the people of Texas an opportunity to pass in a lawful and an orderly way upon the question.

So I do not hesitate to say that there is a vast difference between a legislator who might vote against the ratification of the amendment if submitted to the legislature and one who would vote against submitting it to a convention in pursuance of the resolution of Congress.

SENATOR HEYBURN.—As I read Article V of the Constitution, which is the article providing for amendments, a State legislature has nothing to do with the question whether or not an amendment shall be submitted to a convention. Congress is to say whether it shall be passed upon by the legislature or by a convention, and the legislature cannot refer it to a convention. Congress is clothed with the authority to adopt that course if it sees fit.

ALBERT J. BEVERIDGE [Ind.].—How could the convention be called if the legislature did not call it?

SENATOR HEYBURN.—The governor would call the convention if the act of Congress authorized him to do it.

SENATOR BAILEY.—The trouble with that is that it would be necessary to provide for the manner in which members should be elected, and the governor could hardly do that.

SENATOR BROWN.—That would require a session of the legislature.

SENATOR HEYBURN.—I merely gave out the suggestion be-

cause it seemed naturally to grow out of the language of Article V.

SENATOR BROWN.—Under the proposal of the Senator from Texas to refer the matter to a convention, we not only have the legislature still in the way, but we have the convention in the way. In other words, you have to have a legislature that is friendly enough to the proposition to pass a law that will be fair enough to allow the people to select delegates to a convention; and then you have to wait until the adjournment of the legislature, and until a convention is called, before you get any action either for or against the amendment. Will some Senator tell me the need of that postponement? In the West we can trust to the legislatures of the States.

Senator Bailey's first amendment was rejected by a vote of 30 yeas to 46 nays, and he withdrew his second amendment. Senator McLaurin's amendment was rejected. The joint resolution was passed by a vote of 77 to 0 on July 5, 1909.

The House referred the resolution to the Committee on Ways and Means, which reported it back on July 12.

THE INCOME TAX [CONSTITUTIONAL AMENDMENT]

HOUSE OF REPRESENTATIVES, JULY 12, 1909

SERENO E. PAYNE [N. Y.].—I am utterly opposed to the general policy of an income tax. I believe with Gladstone that it tends to make a nation of liars; I believe it is the most easily concealed of any tax that can be laid, the most difficult of enforcement, and the hardest to collect; that it is, in a word, a tax upon the income of the honest men and an exemption, to a greater or less extent, of the income of the rascals; and so I am opposed to any income tax whatever in time of peace. But if this nation should ever be under the stress of a great war, exhausting her resources, and the question of war now being a question as to which nation has the longest pocketbook, the greatest material resource in a great degree, I do not wish to be left, I do not wish this nation to be left, without an opportunity to avail itself of every resource to provide an income adequate to the carrying on of that war.

I hope that if the Constitution is amended in this way the

time will not come when the American people will ever want to enact an income tax except in time of war.

Samuel W. McCall [Mass.] opposed the income tax amendment. It abrogated, he said, one of the fundamental principles of the Constitution—the principle that direct taxes should be apportioned among the States according to population.

He continued:

While gentlemen say that they desire this power for time of war, we see to-day in time of peace an attempt to exercise the power to its utmost extent. Why not, then, limit it expressly to time of war? Why not, for the just protection and the equal rights of the people of New York and of the other great States of this Union, five of which probably will pay nine-tenths of an income tax, although they will have only one-ninth of the representation in the Senate—why not preserve the limitation upon the power of the central Government? Why drag every government power to Washington so that a vast centralized government may devour the States and the liberty of the individual as well?

Mr. Speaker, believing that this amendment, with no compensation whatever, does away with an important part of the great compromise of the Constitution, and that it is not limited to the emergency for which it is said to be intended, I shall vote against it. The amendment has not carefully been considered by a committee of this House or by anybody else in the United States that I know of, unless possibly by Mr. William J. Bryan. [Applause.]

CHAMP CLARK [Mo.].—The income tax is a Democratic proposition. We put it in the tariff bill of 1894. A very large majority of us have been in favor of it ever since. We wrote it in our platform of 1896 and have advocated it ever since. We proposed it as part of the war-tariff bill of 1898, and Republicans voted it down with practical unanimity. We are in favor of it now; and we welcome the conversion of the Republican party to another Democratic principle. [Loud applause on the Democratic side.] Better late than never. One by one the roses fall, and one by one you adopt the planks of our platform. [Renewed applause.] The whirligig of time brings its own revenges. What was denounced by Republicans in 1896 as anarchy is advocated by them to-day as sound political gos-

pel. My own judgment is that the wit of man never devised a fairer or juster tax than a graduated income tax.

It is monstrous to say—I do not care what the gentleman from Massachusetts or anybody else says—it is monstrous to say that the accumulated wealth of this country shall not bear its just proportion of the public burdens. [Loud general applause.] The decision on the income-tax law of 1894, when the peculiar circumstances under which it was rendered are considered, is one of the great blots on the judicial system of this country. Everybody knows that we had two income-tax laws prior to the act of 1894. They were held to be constitutional. I believe firmly that if we had been engaged in a war with a first-class power in 1898, instead of in a war with Spain, Congress would "incontinently," as the gentleman from Massachusetts [Mr. McCall] says, have reënacted the income-tax law of 1894 and that the Supreme Court of the United States would have held it to be constitutional. [Applause.] Nobody had any doubt of that then, and nobody has any doubt of that now. The vast majority of the American people have always believed the income-tax law of 1894 constitutional.

We would much prefer making an income tax part of the tariff bill than to vote for this joint resolution submitting an income-tax constitutional amendment for ratification to the States; but, as it has been demonstrated that we cannot secure the passage of an income tax through this Congress, we will do the best thing possible under the circumstances and vote for this joint resolution, hoping for the best.

The gentleman from Massachusetts [Mr. McCall] talks about the sacredness of the Constitution. I am glad to hear a Republican say something in that behalf. [Laughter on the Democratic side.] Of course the Constitution is sacred, but the fathers of the Republic acted according to their lights and according to the circumstances under which they lived.

We must act according to our own lights and the circumstances under which we live. At the time when those clauses that the gentleman from Massachusetts talks about were put into the Constitution population was about equally distributed, and wealth was also; but times change and men change with them, and things change, too.

The Constitution provides that you cannot levy a direct tax, except by making it a head tax. That is the plain English of it. No Congress is ever going to order a direct tax under that section of the Constitution except, perhaps, in the stress of a great war with a great power, because it is palpably unjust.

Arkansas has one-sixth as many people as New York has, and would under that provision of the Constitution pay one-sixth as much direct tax as New York would, but New York has thirty times as much property value as the State of Arkansas has.

The relative situation of people and of States having largely changed, there is no reason why we should longer adhere to that part of the Constitution relative to a head tax and population. Consequently, while Democrats revere the Constitution, they are in favor of amending it so that the swollen fortunes of the land can be justly taxed.

EBENEZER J. HILL [Conn.].—Mr. President and gentlemen of the House of Representatives, I shall vote against this amendment for the following reasons: In the first place, I do not believe that this extra session of Congress was called to completely change and revolutionize the taxation system of the United States. I think that a question of such magnitude should be submitted to the people and discussed in a campaign preparatory to the presentation of so important a matter as an amendment to the Constitution of the United States. This proposition was found in the Democratic platform and not in the Republican platform on which the presidential campaign of 1908 was won. My understanding is that Congress was called together for the sole purpose of revising the Dingley tariff law on the basis of the difference in the cost of production at home and abroad.

Stop a moment and consider what we are doing in voting to give this Government the power to lay an income tax in time of peace. I know of no better measure of the way in which this burden would fall on the various States in the Union than to judge of it by the inheritance tax laid to meet the expenses of the Spanish-American war.

Of the entire amount collected from the inheritance tax in the whole Union six States paid three-fourths of it.

All told, 35 States paid $31,000 less than the little States of Connecticut and Rhode Island, and yet you come and ask me in time of peace and to pay the ordinary current expenses of this Government to vote now for a constitutional amendment which will enable these 35 States to impose a far greater tax upon my people. But it is claimed that the property in the Eastern States escapes taxation. That is not true. In the State of Connecticut more than 80 per cent. of all the expenses of our State government is now paid by corporations, and during the past ten years no State tax has been laid upon our people, but the

whole amount has been met by corporation, inheritance, and other forms of direct taxation imposed by the State. Every corporation in the State is taxed; every legacy under the inheritance-tax law, which we have, pays its fair share.

Is it fair now, after two hundred years of expenditure on our part, that you should come and ask us to vote to tax ourselves in time of peace for a duplication of these things in all of the new and undeveloped States of the Union? It is not because our people desire to avoid taxation, and, as I have shown you, the accumulation of wealth in these Eastern States does not escape a fair and just charge upon it. We are ready to vote for an income tax to meet any emergencies which may arise in this Union and to stand by the Government in time of war; but do not ask us, at least without consultation with our people at home, to put this burden on them in addition to one already severe because of local expenditures, made necessary by our geographical position, but cheerfully assumed for the general good. [Applause.]

OLLIE M. JAMES [Ky.].—Mr. Speaker, I desire to say that the argument of the gentleman from Connecticut [Mr. Hill] does not appear to me to be one that will stand analysis. He tells us that Connecticut, which has been taxing all the rest of the people of the United States under the protective-tariff system until it has grown so rich, if this taxation upon incomes is placed upon her wealth, would pay more than 30 other States in the Union. Yet the gentleman is so patriotic that he is willing to state that when the poor man is willing to give his blood or his life when the Republic is in peril, when the battle is on, that not until then is he willing that his people shall make any contribution to sustain the Government out of the abundant fortunes they have piled up under the system of the protective tariff.

Here Mr. James dwelt at length on the constitutionality of a tax upon wealth. He quoted the dissenting opinions upon the income tax case of Justice Harlan and Justice Brown, and the arguments for constitutionality given by William J. Bryan in his speech in Madison Square Garden, New York City, in 1896. Of Mr. Bryan's stand on this question Mr. James said in conclusion:

Here we behold, Mr. Speaker, this patriot throwing down the gage of battle in the very citadel of wealth. He was ma-

ligned and slandered then, but what a glorious victory he is having upon this question! What a marvelous vindication he is receiving now! The whole nation upon tiptoe now approving his stand on the question of an income tax! And, sir, when those who have maligned him have been forgotten, this man who bore three times with honor and with courage the standard loved by millions of his countrymen, battling for equality of taxation, equality of opportunity, striving for the righteousness a republic owes to its people, obedience to law by the great and small, that the tax gatherer should visit alike the cabin and the palace, the hut, and the mansion, I say, sir, that, when the flunkeys and the adulators shall no longer find favor in their fawning nor pay for their abuse, the principles advocated by William J. Bryan, the lover of men and of the rights of men, will live in the Constitution and shine in the statute laws of the land.

To my mind the income tax is the most equitable of all systems of taxation. It is the ideal way to support the Government. Let those who prosper little pay little, for they are least indebted to the Government; let those who prosper more pay more; let those who prosper most pay most; let those who prosper greatly pay greatly, for certainly they have been most blessed and are therefore most indebted to the Government. What man is so ungrateful to his country that he is unwilling to pay a small tax upon his income above $5,000 to help sustain and perpetuate the Government under which he enjoys such success? Many bills have made such provision, but to meet defeat at the hands of the Republican party, which has always opposed taxing wealth in any degree.

Who is prepared to defend as just a system of taxation that requires a hod carrier, who for eight long hours each day wends his way to the dizzy heights of a lofty building with his load of mortar or brick, to pay as much to support this great Republic as John D. Rockefeller, whose fortune is so great that it staggers the imagination to contemplate it and whose property is in every city and State in the Republic and upon every sea protected by our flag. [Applause on the Democratic side.]

How men can defend a system of taxation in a republic which requires of the poor all of its taxes and exempts the rich absolutely I am totally unable to see. In the everyday walks of life we expect more for church, for charity, for the uplifting of society, and education from those who are most prosperous, most wealthy, most able to give.

I have heard it urged by some gentlemen upon the Repub-

lican side that the passage of an income-tax law would undermine and at last destroy the protective-tariff system. This, Mr. Speaker, is equivalent to saying that in order to give a few monopolists and manufacturers the right to reach into the pockets of all the people, you have kept the tax gatherer from reaching into the pockets of the few, the fortunate few, the intrenched few, the successful few; but you have driven the tax gatherer to the same pockets which monopolies pillaged under the protective tariff for taxes to sustain the Government. The protective-tariff system is vicious enough in itself without adding to it the iniquity of saying that in order to perpetuate it you must place the taxing burden of the Government upon the masses of the people, who must also bear the heavy burden the protective-tariff system inflicts upon them.

Mr. Speaker, this battle for an income tax will go on. This is the people's Government and the right will prevail. During all these years the mighty rich—an army of millionaires—have been exempted from taxation, but the people are now aroused. There are two lines of battle drawn for this great contest. Under which flag will you stand—the flag of democracy or the flag of plutocracy?

We shall win, for—

> Still, Truth proclaims this motto
> In letters of living light:
> No question is ever settled
> Until it is settled right.

[Applause on the Democratic side.]

And I would scorn, Mr. Speaker, a government whose taxing power provides that Lazarus must divide his crumbs with the tax gatherer, but that Dives shall not give of his riches. [Great applause on the Democratic side.]

J. WARREN KEIFER [O.].—If there ever is any necessity for an income tax, of course it is when the nation is at war. I want to say, Mr. Speaker, with the utmost kindness, that so far as history shows the Democratic party has not been in favor of an income tax in time of a great war, and it might well be that it should stand converted now. In the Civil War, in the most trying period of it to the Union, when the question of an income tax was voted upon on this floor, every Democrat present and voting voted against it and denounced it as unconstitutional. [Applause on the Republican side.]

Not a single Republican, as the *Congressional Record* shows, voted against it.

In the Senate of the United States at that time every Democrat voted against an income tax save Mr. McDougal, of California—one only in both Houses. Now I congratulate the Democratic party after these many years on a conversion to the income tax so that it may be levied in time of war.

Now, Mr. Speaker, there is something said about the necessity of an income tax to reach the idle rich; but, if we had only the idle rich, I think I would rather like the program; but there are in this country thousands and tens of thousands of enterprising spirits who have gone forth with energy, industry, and by displaying economy have acquired fortunes, and they are the persons who are to be reached by an income tax; and I am willing that they shall be reached when the trying times come.

While it may be true that those who by their ability and providence amass an estate are secure, an income must bear a proportionately great share of the government taxes; it should not be imposed upon them merely as a punishment.

ADAM M. BYRD [Miss.].—Mr. Speaker, I am afraid that the unanimous passage of this measure through the Senate and the favor with which it is being received in this House by your party are too hopeful of good to be accepted with a full measure of confidence. I am afraid that this is a case of "Greeks bearing gifts." It was introduced in the Senate for the avowed purpose of defeating the Bailey-Cummins income-tax bill, and I am apprehensive that after it shall have been rushed through this House and goes to the States for ratification all the power and influence that can be marshaled against it by sordid wealth and Republican chicanery will be used to compass its defeat. It is necessary to debauch the legislatures of only 12 States to secure its rejection, and the same evil influences that have corrupted and carried so many elections have already started a crusade against its adoption by the States.

We were warned by the gentleman from Connecticut [Mr. Hill], in his speech a few moments ago, what opposition might be expected from New England. He boldly contends that it is unjust to tax the wealth of those favored States for the support of the common country, stating that that section, because of its great prosperity, was now compelled to contribute more than its part of the internal-revenue tax. The inconsistency of such an argument is only excelled by the seeming avarice that prompted it. New England, that has bled the country of its wealth for quite half a century; that has her millionaires by the thousands—made so by virtue of the infamous policy of protection—should be the last section of the Union to reject this righteous measure. With her millions invested in manufactures, protected by the tax of from 50 to more than 100 per cent., it would be the height of political ingratitude for any statesmen from that section, whether Democrat or Republican, to act otherwise than to urge a speedy ratification of this amendment.

RICHMOND P. HOBSON [Ala.].—I believe that this measure is a wise movement in the direction of substituting direct taxation for indirect taxation. A prime advantage of the direct method is that the people know when they are being taxed. To-day I am sure that the great masses of the American people have not the slightest idea how many times in the day they are being taxed for all the comforts, conveniences, and necessities of life. If the people were fully informed they would not submit to such tariff schedules as have been in effect for many years and such as are now carried by the present bill.

Another prime advantage of a direct tax is that it enables a people to know *how much* they are being taxed, and only when they have such knowledge can they prevent abuse of the taxing power.

To-day I do not believe our people have the slightest idea of the amount of taxation that is levied upon them. One, 2, 3 per cent. is considered a sore burden, yet to-day our people are taxed 10, 20, even 30 per cent., and do not know it.

Still a third prime advantage of a direct tax is that we know *where* the tax goes. In the present juncture the bulk of the taxation of the American people does not go to the Government of the American people. I will illustrate: There are about 200,000 tons of pig iron imported into the United States in a year. The indirect tariff tax causes the Government to get the impost duty from 200,000 tons. The country consumes about 25,000,000 tons, the price of all of which is raised to the extent of the tariff. The net result is that the pig-iron tariff gives the tax on 200,000 tons to the Government and the tax on 24,800,000 tons to certain favored individuals, practically giving over to individuals the sovereign right of taxation that can only reside justly in the Government itself. When the people are taxed, they ought to know who gets the tax, and they would know under a system of direct taxation.

A fourth prime advantage of direct taxation is that it would be more adjustable to the legitimate needs of the Government, and it would tend to a more economical and efficient administration of the Government.

Robert L. Henry [Tex.] offered an amendment to the joint resolution to provide that the proposed constitutional amendment be submitted to the conventions of the States instead of the legislatures. The Speaker [Joseph G. Cannon] ruled the amendment out of order as violating the agreement between the party leaders of the House that debate be limited and a vote be reached at a specified time. This ruling was sustained by the House.

The bill then (on July 12, 1909) passed by a vote of 318 to 14. Having received a two-thirds majority in both Chambers it became effective without the signature of the President.

The constitutional amendment (Article XVI) was declared ratified by more than the necessary three-fourths of the States on February 25, 1913.

CHAPTER XVIII

RECIPROCITY WITH CANADA

The Treaty of 1854; It Provides for Free Trade with Canada on Natural Products—It Is Repealed by Congress in 1866; Debate in the House, in Favor of Repeal, Justin S. Morrill [Vt.], Frederick A. Pike [Me.]; opposed, Elijah Ward [N. Y.]—Reciprocity Provisions Are Embodied in Various Tariff Bills—President William H. Taft Negotiates a Reciprocity Treaty in 1911—Samuel W. McCall [Mass.] Introduces in the House from the Committee on Ways and Means a Bill "To Promote Reciprocal Trade Relations with the Dominion of Canada"—Report of the Minority of the Committee—Robert F. Broussard [La.] Presents Separate Report in Opposition to the Bill—Debate on the Bill: in Favor, Ebenezer J. Hill [Conn.], Oscar W. Underwood [Ala.], Champ Clark [Mo.], Mr. McCall, Isaac R. Sherwood [O.]; Opposed, Eben W. Martin [S. D.], George W. Norris [Neb.], J. Hampton Moore [Pa.], George W. Prince [Ill.], Andrew J. Volstead [Minn.], John Dalzell [Pa.], Gen. J. Warren Keifer [O.]—Bill Is Amended and Passed by House—It Fails to Come to a Vote in the Senate—The President Calls a Special Session of Congress—Mr. Underwood Reintroduces the Bill in the House and also a "Farmer's Free List Bill"—Debate on the General Reciprocity Measure: in Favor, Paul Howland [O.], Mr. Hill, Mr. McCall, Mr. Underwood; Opposed, Asher C. Hinds [Me.], Joseph W. Fordney [Mich.], Mr. Dalzell—Bill Is Passed by House—It Is Passed by Senate and Approved by the President—"Farmer's Free-List Bill" Is Passed by House and Senate—It Is Vetoed by the President—House Sustains Veto—Treaty for Reciprocity Is Rejected by Canada—Canadian Debate on Reciprocity: in Favor, W. S. Fielding, Ralph Smith, Sydney Fisher: Opposed, Z. A. Lash, T. Chase Casgrain, Prof. Stephen Leacock, Clifford Sifton.

AS early as 1848 a bill proposing reciprocity with Canada passed the House of Representatives. It was defeated in the Senate, however, because of the uncertainty then prevailing as to Canada's attitude toward American shipping on the St. Lawrence.

In 1853 Congress passed a resolution authorizing the President to arrange reciprocity by means of a treaty. On June 5 of the following year a treaty was signed by representatives of the two governments, and was subse-

quently validated by the national legislatures. It became a law by the signature of President Franklin Pierce on August 5.

This treaty provided for free interchange of natural products, settled the question of fisheries, and fixed the rights of navigation on the St. Lawrence.

In May, 1864, a joint resolution was introduced in the House of Representatives from the Committee on Commerce, authorizing President Lincoln to give notice for terminating the treaty, and negotiating a new one "based on the true principles of reciprocity."

Justin S. Morrill [Vt.] moved as an amendment to the bill that the Government simply give notice of the termination of the treaty.

Frederick A. Pike [Me.] supported the amendment. He was opposed to the renewal of the treaty on any terms. He said the old treaty operated adversely to our fishing interests, brought the balance of trade in favor of Canada, and caused a serious loss of revenue. He said:

Of course, if the treaty has failed in the respects I have mentioned, it must be regarded as a business failure. If our total exports have lessened since it went into operation, and particularly if our export of manufactured articles has diminished, and if in the meantime our commerce has not been benefited by additional employment, if the large fishing interest is anxious to put an end to this arrangement because of the detriment it receives from it, and if the revenue suffers greatly by its continuance, then I say as a commercial arrangement it has not answered the expectations which gave it existence, and it should be abrogated.

Elijah Ward [N. Y.] spoke in favor of a continuation of the treaty. He quoted statistics to show that, during the operation of the treaty, the excess of our exports to the Canadian provinces ($171,628,779) over imports therefrom ($144,183,096) was $26,445,683.

He continued:

It is argued that the treaty has deprived us of revenue. During the last year the imports and exports between the

United States and Canada of articles free under the treaty were nearly equal. If we levy duties on their productions they may do the same on ours. This principle is a two-edged sword. Or they may admit our products free of duty as they did before the treaty, and thus be the carriers of a considerable portion of our produce as well as of their own. When a revenue was paid to our Government on Canadian productions the provincial railroads and means of communication were imperfect and its population was comparatively scanty. By renewing the duties we shall drive away the trade and render our people less able to pay taxes. The utmost amount of revenue the Government can derive from duties on colonial productions is inconsiderable compared with the loss of commerce we shall sustain, and the consequent loss of employment to the laborer and profit to the merchant or capitalist.

By a vote of 77 yeas to 72 nays the bill was postponed until the next session.

During the next session Congress repealed the existing treaty, the House voting against it on December 13, 1863, by a vote of 85 yeas to 57 nays, and the Senate voting against it on January 12, 1865, by 33 yeas to 8 nays. The treaty expired during 1866.

Following the repeal of the treaty no legislation on the question of reciprocity with Canada was enacted until 1890, when, as we have seen in the debate on the McKinley tariff bill, certain provisions for reciprocity on a limited number of articles were adopted. Similar provisions were incorporated in the Dingley bill (1897) and the Payne-Aldrich bill (1909).

President William H. Taft in his second annual message, December 6, 1910, referred to the question of reciprocity with Canada as follows:

The policy of broader and closer trade relations with the Dominion of Canada, which was initiated in the adjustment of the maximum and minimum provisions of the tariff act of August, 1909, has proved mutually beneficial. It justifies further efforts for the readjustment of the commercial relations of the two countries so that their commerce may follow the channels natural to contiguous countries and be commensurate with the steady expansion of trade and industry on both sides

of the boundary line. The reciprocation on the part of the Dominion Government of the sentiment which was expressed by this Government was followed in October by the suggestion that it would be glad to have the negotiations, which had been temporarily suspended during the summer, resumed. In accordance with this suggestion the Secretary of State, by my direction, dispatched two representatives of the Department of State as special commissioners to Ottawa to confer with representatives of the Dominion Government. They were authorized to take such steps for formulating a reciprocal trade agreement as might be necessary and to receive and consider any propositions which the Dominion Government might care to submit.

Pursuant to the instructions issued, conferences were held by these commissioners with officials of the Dominion Government at Ottawa in the early part of November.

The negotiations were conducted on both sides in a spirit of mutual accommodation. The discussion of the common commercial interests of the two countries had for its object a satisfactory basis for a trade arrangement which offers the prospect of a freer interchange for the products of the United States and of Canada. The conferences were adjourned to be resumed in Washington in January, when it is hoped that the aspiration of both Governments for a mutually advantageous measure of reciprocity will be realized.

On January 26, 1911, the President sent a special message to Congress, in which he noted the success of the negotiations.

On the 7th of the present month two cabinet ministers[1] came to Washington as representatives of the Dominion Government, and the conferences were continued between them and the Secretary of State[2]. The result of the negotiations was that on the 21st instant a reciprocal trade agreement was reached, the text of which is herewith transmitted with accompanying correspondence and other data.

In accordance with the plans of the administration Samuel W. McCall [Mass.], on January 28, introduced in the House a bill "to promote reciprocal trade relations with the Dominion of Canada. It was referred to the Committee on Ways and Means.

[1] See speech of W. S. Fielding, one of the Canadian negotiators of the treaty, on p. 457.

[2] Philander C. Knox.

Early in February the bill was reported back with amendments. The report of the minority of the committee was filed by John Dalzell [Pa.]. It said in part:

The minority of the Committee on Ways and Means regret that the bill has been prosecuted by its advocates with such undue and precipitate haste that many of its features remain obscure and without explanation.

Up to the time when the President's message informed Congress that he had entered into a trade agreement with Canada, the House of Representatives—where all "bills raising revenue" must originate under the Constitution—knew nothing about it. It is safe to say that no member of Congress had been consulted as to it or its terms.

By the terms of the bill four general classes of products are affected:

First. Leading food and agricultural products, rough lumber, some raw materials, and printing paper. These are put on the free list.

Second. Secondary food products, such as fresh and canned meats, flours, and partly manufactured food preparations, upon which rates are reduced and made identical.

Third. Manufactured commodities, such as motor vehicles, cutlery, sanitary fixtures, and miscellaneous articles, on which rates are mutually reduced.

Fourth. A small list of articles on which special rates are given by each country. Canada reduces the duty on coal and cement, and the United States reduces the duty on iron ore and aluminum products.

The bill revises our tariff law in part, involves millions of the national revenue, involves also our commercial relations with other nations, and comes to us to be voted on after a week's deliberation.

We protest against its passage for the following, among other, reasons:

(1) It renews a trade agreement with Canada similar to one that heretofore existed from 1854 to 1866, and the operation of which proved disastrous to the United States.

As a business proposition it is wholly indefensible. Advantages under it will accrue to Canada without any corresponding advantages to the United States. It is uncalled for by any great body of our people.

(2) It is un-Republican. It proposes reciprocity in com-

peting products, which is absolutely inconsistent with the policy of protection. It is an abandonment of the protective policy. It is in violation of the history, the traditions, and the platforms of the Republican party.

(3) It is class legislation of the most obnoxious character. It selects from out all the classes of our community the farmer and deprives him of the protection accorded to all other classes. It compels him to produce in a free-trade market and to buy in a protected market. It is in the interest of the foreigner and against the American. The same undue haste that has characterized the treatment of this bill here seems to have prevailed also in the Canadian Parliament.

A new definition is sought to be given to the term protection. It is said not to apply as between parties whose production is substantially similar, and then it is asserted that Canadian production and American are substantially the same. The assertion is not borne out by the facts. The average of Canadian wages is below that of American wages. The value of Canadian lands is below the value of American lands. The Canadian gets his raw material from abroad at a lower import duty than does the American. He prefers others to us at the custom house. The Canadian manufacturer of metals is paid a bounty. An exhaustive investigation by the Mann committee into the pulp and paper question demonstrated that by reason of lower wage rates Canadians can make paper $2 a ton cheaper than we can. The same conditions that relate to wage rates in paper manufacture prevail all along the line.

Robert F. Broussard [La.] filed a separate report.

As a Democrat I wish to add to the report that I agree with almost everything urged except that the statement that the bill is un-Republican is not nearly so accurate as the further statement that it is also un-Democratic and absolutely un-American.

The bill came up for discussion on February 13.

THE COMMERCIAL TREATY WITH CANADA

HOUSE OF REPRESENTATIVES, FEBRUARY 13 AND 14, 1911

Ebenezer J. Hill [Conn.] supported the bill.

Mr. Chairman and gentlemen of the House of Representatives, a protective-tariff policy presupposes reciprocity and

trade agreements. A free-trade policy has nothing to give in return for concessions, and hence nothing to gain from them.

Since the Republican party was organized and while it has been in power there never has been a time but that reciprocal agreements with other countries have been in operation, and President Taft stands to-day in full harmony with Lincoln, Grant, McKinley, Roosevelt, and all of his illustrious predecessors with regard to that principle.

Under reciprocity trade between Hawaii and this country flourished to the great advantage of both, until by the logic of events the islands became a part of this nation.

Under reciprocity our trade with Cuba has more than doubled.

Under free trade with Porto Rico, which met with a storm of denunciation when first proposed, but which William McKinley declared to be our "plain duty," our trade with that island has increased nearly fifteenfold.

Under reciprocal relations with the Philippine Islands, a territory containing a larger population than the Dominion of Canada, our mutual trade has grown in less than a single year 70 per cent.

In every one of these cases the proposition to enter upon such trade relations was met with prophecies of dire disaster to some existing industry in our own country.

In every case the prophecy has failed of fulfillment, and the new policy has resulted in mutual advantage to both parties.

A new proposition confronts us now—a reciprocal trade agreement in some of the natural products of two contiguous countries with a like character of population, with a climate and soil very similar to that of each other, and with forms of government differing in few essential features, affecting the productive and consuming power of either people. Indeed, both parties to this proposed agreement are under the protective-tariff system, and from my point of view both are likely to continue that policy in the future, the United States striving to apply the policy on the fixed principle of the difference in the cost of production at home and abroad as the true measure of its protection, and Canada supplementing its protective rate with direct aid from the Government in many of its industries.

I stand for this treaty as a whole, without any qualification and without any amendment, for, if I am rightly informed, it must be so considered and it must stand or fall as a single proposition, except with reference to the paper and pulp schedule, upon which no final conclusions were reached by

the negotiators. If I could have my way, there are some things in it which I would change, and I have no criticism to make upon anyone who feels that the particular industries in which he is interested have not been cared for as he thinks they should have been. That feeling is but natural and is not confined to the United States, for I find by the perusal of the Canadian papers that the ratification of these proposals is looked upon by some citizens of Canada as absolutely destructive, not only to their agriculture, their fisheries, and their manufacturing, but also to the investments made by domestic and foreign capital in their railway systems and public improvements generally. So that we do not have in this country a monopoly of the timid ones, who look upon any change in the commercial relations of the two countries as a change for the worse, no matter how small or comparatively unimportant it may be.

This measure is a straightforward business arrangement for the reciprocal exchange of such articles as the representatives of both Governments believed, after most careful consideration, could be made with safety to each other and for the mutual advantage of both, and that would result in largely increased business transactions in other articles not directly affected or named in the agreement.

On February 14 Oscar W. Underwood [Ala.] spoke in favor of the bill.

Our Republican friends who wrote the Payne-Aldrich bill were so insistent that we should have a high tariff in this country and that no President, whoever he might be, should make any concessions from the high rates of taxation that they fixed that the President himself, under the law that he signed, has been driven to make a compact with Canada outside of the law to accomplish what was claimed could be accomplished when the law was originally written.

Now, the President, without warrant of law, has entered into an agreement with the Canadian Government—for what purpose? For the purpose of reducing taxes for the benefit of the American people. That is what this proposition is. It is not in the language that I would have written it, it is not in the language that many of you on this side of the House would have written it, but I want to say to you this, there is not one single item in this bill that does not reduce the taxes levied on the American people under the Payne law. The members of this House on

this side of the Chamber, both in this Chamber and before the American people last fall, repudiated the Payne-Aldrich law. They denounced it as unjust taxation. The opportunity has come to us to-day to reduce these taxes and reduce them on some of the necessities of life.

Champ Clark [Mo.], the Speaker, followed.

I am for this bill because I hope to see the day when the American flag will float over every square foot of the British North American possessions clear to the North Pole. They are people of our blood. They speak our language. Their institutions are much like ours. They are trained in the difficult art of self-government. My judgment is that if the treaty of 1854 had never been abrogated the chances of a consolidation of these two countries would have been much greater than they are now.

I am in favor of universal peace, and I am in favor of this reciprocity treaty because it helps along the cause of universal peace. [Applause.]

EBEN W. MARTIN [S. D.].—Will the gentleman favor the abrogation of our tariff law entirely so far as Canada is concerned, and making free trade with Canada on all products?

MR. CLARK.—By taking Canada in to become a part of the United States; yes.

MR. MARTIN.—No; I mean commercially. Would the gentleman support a policy of complete free trade with Canada on all products?

MR. CLARK.—I would support a Democratic tariff bill, prepared by the Ways and Means Committee, brought into a Democratic House, and passed by that Democratic House. [Applause on the Democratic side.]

GEORGE W. NORRIS. [Neb.].—I want to ask the gentleman something along the line of universal peace. As I understand it, the gentleman favors this bill, for at least one reason, that it will have a tendency in the end to bring Canada into the Union.

MR. CLARK.—Yes; I have no doubt about that.

MR. NORRIS.—Will that have a tendency to preserve peace with Great Britain?

MR. CLARK.—Why, certainly it will. I do not have any doubt whatever that the day is not far distant when Great Britain will joyfully see all of her North American possessions

become a part of this Republic. That is the way things are tending now.

MR. NORRIS.—Was the gentleman correctly quoted in the newspapers this morning, where it was stated that in his speech last night he said he was in favor of reciprocity with the entire world?

MR. CLARK.—Yes.

J. HAMPTON MOORE [Pa.].—Would these reciprocal treaties with European countries contemplate the raising of revenue sufficient to run this Government?

MR. CLARK.—Oh, if we did not get enough money in that way, we would collect it by a graduated income tax, and that would bring in enough. [Applause.]

Mr. Speaker, I would levy a revenue tax on lead and zinc, iron and coal, and cobalt, and everything that comes into the United States, except on the necessaries of life. Nothing on earth would induce me to help report a tariff bill which puts a tariff on salt. I would not do it, because free salt is a hereditary Missouri doctrine. Thomas Hart Benton worked for 28 years to get salt on the free list. And Theodore Roosevelt, who is somewhat of a Republican at least [laughter]—and it is hard to tell who is a Republican just now [laughter]——

GEORGE W. PRINCE [Ill.].—The Speaker is a Republican.

MR. CLARK.—I rather think the Speaker is. [Applause.]

Mr. Speaker, I am in favor of this bill because it enlarges our markets, because it brings us into closer relation with our neighbors, and because it increases the prospects of the consolidation of these two great countries in the days to come. [Prolonged applause on the Democratic side.]

Andrew J. Volstead [Minn.] opposed the bill. Reciprocity with Canada, he said, was entirely hostile to the agricultural interests.

The naked proposition is that this treaty has been entered into for the purpose of lowering the price of farm products, and that it will accomplish that purpose no one at all familiar with the situation can doubt. It is undisguised, selfish, class legislation in behalf of the cities as against the producers of food.

This treaty puts practically every farm product of the North on the free list, as Canada is the only country that can successfully compete. No pretence is made that the farmers are

to get anything in return except some slight reduction in the duty on lumber. The treaty does not open to the Northern farmer a market for a single bushel of grain or any other of his products, but it compels him to compete with Canada for his own market. We might consent to this if there were a corresponding reduction in manufactured products, but extreme care has been taken that no manufacturer shall suffer. As an illustration it might be noted that the American miller may buy his wheat in Canada, but the American farmer who has got to sell in competition with the Canadian farmer can not buy his flour in Canada without paying a tariff duty of fifty cents per barrel.

Mr. Dalzell, at the conclusion of a long speech in opposition to the bill, said:

Is it not an astounding proposition that we shall legislate away our advantages in the interest of the Canadians? Yet that will be the result of the passage of the bill reported by the Committee on Ways and Means. No concealment is made of the fact that we propose to give away $5,000,000 a year revenue in return for two millions and a half of Canadian revenue. In other words, we propose to trade a good American dollar for a Canadian half dollar. We propose to throw open the markets, the splendid markets, of 90,000,000 of prosperous people to the meager markets of less than 9,000,000. [Applause on the Republican side.] Why, the proposition is so astounding that it staggers belief.

Mr. Chairman, this measure is an unwise business measure. It is un-Republican; it violates the principles of the Republican party; it abandons protection and espouses free trade. It is a violation of the pledge of every Republican platform for the last 50 years of our history. [Applause.] This measure is obnoxious class legislation, it sacrifices the farmer, the bone and sinew of the Republic, and destroys his interests. And now I fain would appeal to party loyalty, but I know it is of no use. The Republican protectionist, when this vote is taken, marches to his doom. He can not resist a united Democratic party and such Republicans as hear from somewhere else an appeal louder than the appeal of party loyalty. United, together they will march to victory under Democratic leadership under the folds of the Democratic free-trade flag. I decline to follow. I shall stand where I have always stood, and go down with my party. [Applause.]

Samuel W. McCall [Mass.] supported his measure. At the conclusion of a speech more or less statistical he said:

Mr. Chairman, I hope this bill will pass as it was reported, and pass by a decisive majority. I believe that the President of the United States has risen above the narrow interests of localities and that he has comprehended the whole country, that he has not been swayed by the clamor of special interests, but that he has had the wisdom and the courage to negotiate an agreement in the interest of the masses of the people, and I trust that this House will rally behind him and share with him in the glory of having secured the establishment of a policy of enlightened statesmanship, of high patriotism, and of single-minded justice. [Applause.]

General J. Warren Keifer [O.] opposed the bill.

Mr. Speaker, I wish to give, without going into great detail, some of the reasons for my opposition to the so-called Canadian reciprocity agreement.

The bill purports to provide for reciprocity in tariff or import duties between the United States and Canada, though, by all known principles, it provides for no reciprocity at all.

The bill seems to fix, by its first section, certain uniform rates of import duties on the principal products of agriculture of the two countries, leaving Canada to maintain present and to establish further preferential rates with Great Britain and other foreign countries. No general trade relations, reciprocal or not, are proposed save as to farm products. Uniform rates on commodities produced in each of the two countries do not produce reciprocity.

Reciprocity in international trade requires an equivalent interchange of things under equal conditions, though not of the same kind. There is no such thing as reciprocity in an even exchange of the same kind of articles or commodities, as such exchange accomplishes nothing, and an exchange of such articles or commodities on an uneven basis means a cheat or a fraud on one or the other party.

Reciprocity imports an equivalent exchange of diverse articles produced in different countries. To secure something for one country without a corresponding equivalent moving to the other is the opposite of reciprocity. A trade arrangement that does not secure a market abroad for American goods, or which

only admits Canadian goods free into the United States to compete in the market with its goods, is far from reciprocity.

The bill does not, by providing the same duties on certain articles and free trade for certain other articles in both countries, establish reciprocity, but it only provides for putting the articles in trade competition in the markets. When an article of one country is found to be of less value than in the other country, it will go there for sale, but not for reciprocal exchange. This does not constitute reciprocity—only competition in selling in the country where naturally the higher price would be paid, and the country with the cheaper lands, and usually paying the lowest wages for labor, soils, etc., being equal, can undersell the other, and bring down the proper market price all around to the American farm producer. A trade agreement that does not secure a market abroad for American-produced articles only opens the door for foreign-produced articles commonly produced in both countries to come into the United States for sale, and this is the opposite of reciprocity—discriminates against our own country and works injustice upon our people.

Tested by these principles, the arrangement or bill provides for no possible or real reciprocity.

Isaac R. Sherwood [O.] supported the bill.

Less than 30 days ago the President was vigorously working the White House power plant for a high-priced tariff commission, made up of five members, for a long term of service, the president of the commission to draw $7,500 per year and the other four members $7,000 each per year. And the President really forced such a bill through the House. This bill provides that the commission shall travel, not only in the United States but in foreign countries, to ascertain the cost of labor at home and abroad, in order to make a thoroughly scientific tariff. And now, all of a sudden, the President sends to the House of Representatives a new compact, evidently prepared in secret (and surely in a hurry), providing for absolute free trade in all agricultural products of the farm and garden produced on "cheap Canadian lands by cheap Canadian labor." (Quotation from a prophet of protection.)

Is it any wonder that the "Old Guard" of "protection to American industry" refuse to be comforted? What they said to-day on the floor of the House, that President Taft has flopped to the economic ideas of the Democrats, is not a circumstance compared with what they are saying in private conversation.

There is a couplet in Milton's "Paradise Lost" that fittingly depicts the present plight of our shifty Chief Executive, as the stand-y protectionists think he should feel. I quote a couplet from Milton:

> Which way I fly is hell; myself am hell;
> And in the lowest deep a lower deep,
> Still threat'ning to devour me.

In conclusion Mr. Sherwood discussed the subject of the annexation of Canada.

Quite recently I had a conversation with an ex-member of the Canadian Parliament on the question of annexation. He said that 25 years ago there was a powerful element in Ontario and the other provinces in favor of annexation, but now the Canadians were almost universally opposed to annexation. He called my attention to the recent statement of the Canadian Premier, Laurier, that during the past two years over 80,000 United States farmers from North Dakota, Montana, Iowa, and other Western States had sold their farms and moved across the border into Canada in order to better their condition.

Why have we been losing the most thrifty and most valuable citizens of the Western States, who, from choice, have left the protection of our flag and renounced citizenship in a Republic to become citizens in the Canadian provinces under the protection of a British flag? Why have these valuable citizens left their homes and firesides in a mild climate to settle in the frozen north? Here comes the startling thought: Why should any United States farmer care to repudiate the flag of his country for the flag of Great Britain, or why are the Canadians opposed to annexation to the United States?

Is it because we have parted with the simple Republic of the fathers and are now tending rapidly to a military oligarchy, with the military spirit dominant and a present military establishment more costly than the Empire of Great Britain? Is it because of the corruption of American politics? Is it because of the present unrest of our industrial classes? Is it because there is an economic and financial system in the United States controlled by not more than 5 per cent. of our people, who either own or control all the railroads, steamship lines, iron mines, steel mines, oil refineries, tank lines, copper mines, and copper industry, the woolen industry, and the cotton industry? Is it because the average Canadian, looking across the border line, sees in this country no fair opportunity or a poor man's chance, outside the controlling influences of monopoly?

I have never heard or read an explanation of the hostility in Canada to annexation, and can but guess. I am not a political diagnostician.

An amendment of the bill relating to the paper and pulp schedule was adopted, and the bill was then passed by a vote of 221 to 92.

On February 15 the Senate referred the bill to the Committee on Finance, which reported it back on the 24th without amendment. The bill failed to come to a vote, however, in this session.

On April 4 the President called a special session of Congress to consider again the question of putting the reciprocity agreement in operation.

The House bill to carry the treaty into effect was this time introduced by Mr. Underwood. He, on the same day (April 12), introduced a bill "to place on the free list agricultural implements, cotton bagging, cotton ties, leather, boots and shoes, fence wire, meats, cereals, flour, bread, timber, lumber, sewing machines, salt, and other articles." This was known as the "Farmers' Free-List Bill."

Both bills were referred to the Committee on Ways and Means. The general reciprocity bill was reported back the next day. It came up for discussion on April 15.

The Commercial Treaty with Canada

House of Representatives, April 15, 1911

Asher C. Hinds [Me.] opposed the bill.

The manner in which this bill distributes its supposed benefits and its undoubted hardships violates mankind's fundamental idea of justice and equity. Since the dawn of time, through all mythologies and religions, man has expressed his inborn idea that to those who have the suffering and self-denial should come the bliss of the better world, the peace of the Elysian fields, the joy of the golden streets. That is real reciprocity.

But this bill introduces into that ancient, instinctive idea of equity a new principle; that one class of citizens is to have the sacrifices, while another class enjoys the rewards. The dairymen of New York and Ohio are to tread the earthly pathway of self-denial, and in reward the makers of barbed-wire fencing are to roam the Elysian fields [laughter]; the wheat farmers of the Dakotas are to keep the long vigil of unrestricted competition, and in return the automobile makers of Detroit are to speed over the streets of gold; the fishermen of Gloucester who keep watch and watch with death on the banks of Newfoundland are to surrender their market, and in return the Connecticut clock makers are to set up their timepieces in the realms of bliss, where a thousand years are but as a day; the potato farmer of Maine or Michigan is to have the troubles of Lazarus, but the maker of harvesting machines is to rest his head on the bosom of Abraham. [Laughter and applause.] One class sows that another may reap, and you call it reciprocity.

On April 18 Paul Howland [O.] spoke in favor of the bill. On the subject of Canadian opposition to reciprocity he said:

Mr. Chairman, it might be interesting, after all the eulogies which have been paid and all the tears that have been shed in behalf of protected interests in this country, to read a brief extract from the debate in the House of Commons at Ottawa on this subject.

Mr. Lemieux, on February 21, 1911, said:

> We are told by my honorable friend (Mr. Sproul) that it is a one-sided agreement, but we also have one of the highest protectionists on this continent, Mr. Joe Cannon—Uncle Joe—prominent in American public life, who objects to this agreement because it is one-sided. It is, indeed, strange to find protectionists on both sides of the line agreeing that it is a one-sided agreement to the prejudice of each.

[Laughter.]

On April 19 Joseph W. Fordney [Mich.] spoke in opposition to the bill.

Mr. Chairman, I want to call the attention of the gentleman from Massachusetts [Mr. McCall] and the gentleman from Connecticut [Mr. Hill] to one thing. They are very earnest in their efforts to bring about the adoption of Canadian reciprocity.

They are both protectionists. Just whether they can see beyond the limits of the State of Connecticut and the State of Massachusetts at this time I am not going to say. [Laughter.]

Ebenezer J. Hill [Conn.].—Mr. Chairman——

Mr. Fordney.—Just one moment. Let me say to you, you wanted free trade in leather, and you voted for protection on shoes. I have repeatedly said, and I repeat now, that any step toward a reduction of our duties was only a step toward free trade. You are in favor of Canadian reciprocity, and here comes a full-born child of free trade, a bill that puts shoes on the free list and leather on the free list, and I do wish it also put other things produced in New England on the free list. [Applause and laughter.] I am going to ask you if you are going to vote for that bill. I am going to introduce a bill, and I give notice now, and no better protectionist has ever lived than is found in me—and I hope my Democratic friends will support the bill—to put ships on the free list, so that American goods may be carried between two American ports by any foreign ship, and then we shall see how New England will like that.

Mr. Hill.—Mr. Chairman, I challenge the gentleman to vote with me in accordance with the principles laid down in the Republican national platform, that the true measure of protection is the difference in the cost of production at home and abroad, and, if he does it once, it will be the first time he ever did it in his life. [Laughter and applause.]

Mr. Fordney.—Mr. Chairman, I happened to be a member of the committee on resolutions at the last Republican national convention——

Mr. Hill.—Then the gentleman ought to be bound by the declaration.

Mr. Fordney.—Are you?

Mr. Hill.—I am. On manufactures from New England and lumber from Michigan, and on wheat also and every other product that we have in the United States.

Mr. Fordney.—Oh, now, do not get excited, because you are in error. That platform says that the Republican party proposes to give protection to American industry by a tariff wall sufficiently high to offset the difference in the cost of production here and abroad, and to add thereto a fair profit. Where is there any protection for a profit in the free trade for which you vote?

Mr. Hill.—I will ask the gentleman whether the figures on the other side do not also include a fair profit for them?

MR. FORDNEY.—Suppose the cost there was identical with the cost here?

MR. HILL.—Then I would have no duty. [Applause on the Democratic side.]

MR. FORDNEY.—Wait a minute. Where is your profit? Figure it out if you can.

MR. HILL.—Where is their profit? [Applause on the Democratic side.]

MR. FORDNEY.—Let them keep their own market and we will keep ours. [Applause on the Republican side.]

MR. HILL.—We would with the addition of from $3 to $5 a ton in our favor across the ocean.

MR. FORDNEY.—Mr. Chairman, I want to say that I am an admirer of our President, William H. Taft. He will be the Republican candidate for reëlection, if he lives until that time. [Applause on the Republican side.] I am frank to say, gentlemen, that I disagree with his views on Canadian reciprocity. I am exercising my judgment as my conscience dictates as to what is right and best for the American people; and upon that platform I am going to stand.

On April 21 Samuel W. McCall [Mass.] supported the bill. He said in conclusion:

The President is recognizing the laws of nature. The fact that that country buys from us nearly twice as much as she does from all the other nations of the world shows most powerfully how the ties of nature are drawing us commercially together. It is not wise to try to float upstream. We should permit the laws of nature to work without obstruction, and they will work, for the benefit of both countries. The size of our planet is dwindling every year. The discovery of all of the lands of the world, the wonderful inventions of the last century, the railroad and the telephone and the telegraph make this world to-day as small, compared with the world of the time of Columbus, as one of Jupiter's satellites is as compared with Jupiter. We are rapidly growing smaller, and here is this great neighbor of ours that is industrially a part of the United States. I say it is wise for us to recognize that fact and to pass this bill. It does not go far enough, but it takes a long step in the right direction.

Mr. Dalzell spoke in opposition to the measure. In discussing the question of its constitutionality he said:

It is a bill to validate a reciprocal trade agreement made by the President with certain Canadian officials so as to make changes in our revenue law. The Constitution provides "all bills for raising revenue shall originate in the House of Representatives."

Should the pending bill be passed by a majority of the votes of both Houses, you will have as the result only the unauthorized legislative indorsement of an unauthorized executive act, and I apprehend that the constitutional powers of the House and the constitutional power of the Executive are not beyond the power of judicial definition. [Applause on the Republican side.]

In this measure, whereby you are asked—to use the language of the President—to put *"the agreement in the form of a statute,"* the President and the Canadian commissioners have selected the objects of taxation and also the rates of tax, and you cannot dot an "i" or cross a "t."

In all its history the House of Representatives never before knew so humiliating a day as this, called upon, as it is, to renounce its constitutional prerogative and register an executive decree.

Here Mr. Dalzell discussed at length the general arguments of protectionists against the bill. In conclusion he said:

If neighborhood and kinship of race and language and history furnish reasons why trade barriers should be removed, they furnish equally good reasons why political barriers should be removed and the two peoples consolidated under one flag. And, disavow much as we may any intention in that direction, if we adopt this measure the force of events will ultimately assert itself to that end. This bill itself in its new section proposes another step toward bringing together the two peoples under one flag, and that flag will bear the Stars and Stripes.

In the absence of any good reason why this bill should pass there are many and potent reasons why it should not.

It is unnecessary, not responsive to the popular demand, disturbing of the business interests of the country.

But, more than that, it is unfair to the farmer, whose interests in particular it attacks.

The gentleman from North Carolina [Mr. Kitchin], who honored me with so much of his attentions, portrayed me as shedding tears for the farmer while I had in mind the manufacturer.

The gentleman from North Carolina in part was right. I had both the farmer and the manufacturer in mind. When you direct my attention to the subject of a tariff I always have in mind the great city, dear to my heart, whose interests it is my highest ambition to serve. I recall its pillar of cloud by day, its pillar of fire by night, the roar of its machinery, its myriad workingmen in the receipt of the highest wages paid any workingmen in any place on earth [applause], a city which is a shining exemplar of the beneficent results of the system of protection. And when I have in mind the fact that if the farmer be robbed of his protection my great city will be robbed of its protection I refuse to participate in the robbery. [Applause on the Republican side.]

The Republican party as the party of protection is on trial here to-day. You and I, my Republican brethren, are on trial. As we respond, so shall we and our party, the party of McKinley, be dealt with in the great forum of the American electorate. Sometimes it is swayed by popular clamor, sometimes by the shadow of a great name, but in the end its deliberate judgment is true to righteousness; its last verdict invariably loyal to the loyal. [Applause on the Republican side.]

Mr. Underwood closed the debate. In the conclusion of a speech mainly statistical he said:

This treaty with Canada will prevent, to a large extent, speculators and manipulators from cornering markets and at times forcing exorbitant prices upon the people of the country. [Applause on the Democratic side.] That may not be a good reason from the standpoint of you gentlemen who believe in protecting profits, but it is certainly a good reason from the standpoint of men on the Democratic side of the House who are opposed to any proposition that leads to monopoly or oppression. [Applause on the Democratic side.]

The bill was passed without amendment by a vote of 267 to 89.

The Senate, on April 24, referred the bill to the Committee on Finance, which reported it back on June 13. The bill was finally passed on July 22 by a vote of 53 to 27. President Taft approved the act on the same day.

The "Farmers' Free-List Bill" was passed by the House on May 8 by the following vote: Yeas, 236; nays, 109. The Senate, on May 9, referred it to the Committee

on Finance, which reported it back adversely on June 22. It was debated until August 1, when it was amended and passed by a vote of 48 to 30. The House finally concurred in the Senate amendments with certain additional amendments. These were agreed to by the Senate on August 17. The bill, however, was vetoed by President Taft on the following day. In explaining to Congress the reasons for his disapproval he said:

I withhold my approval from this bill for the reasons, first, because it should not be considered until the Tariff Board shall make report upon the schedules it affects; second, because the bill is so loosely drawn as to involve the Government in endless litigation and to leave the commercial community in disastrous doubt; third, because it places the finished product on the free list, but retains on the dutiable list the raw material and the machinery with which such finished product is made, and thus puts at a needless disadvantage our American manufacturers; and, fourth, that while purporting, by putting agricultural implements, meat, and flour on the free list, to reduce their price to the consumers, it does not do so, but only gives to Canada valuable concessions which might be used by the Executive to expand reciprocity with that country in accordance with the direction of Congress.

The House failed to pass the bill over the President's veto by a vote of 226 to 127, less than two-thirds thus voting in the affirmative.

Meanwhile, on April 28, President Taft had delivered an address in New York City in defence of the reciprocity treaty. In this address, which aroused unfavorable comment throughout both Canada and the United States, he said:

I have said that this was a critical time in the solution of the question of reciprocity. It is critical because unless it is now decided favorably to reciprocity it is exceedingly probable that no such opportunity will ever again come to the United States. The forces which are at work in England and Canada to separate her by a Chinese wall from the United States and to make her part of an imperial commercial band, reaching from England around the world to England again, by a system of preferential tariffs, will derive an impetus from the rejection of this treaty, and if we would have reciprocity, with all the

advantages that I have described and that I earnestly and sincerely believe will follow its adoption, we must take it now or give it up forever.

The London *Standard* referred to the speech as follows:

It is not too much to say that President Taft's address has completely altered the situation with regard to Canadian reciprocity. If Mr. Taft had desired to urge patriotic Canadians to oppose the agreement to the full extent of their powers, he could hardly have spoken otherwise.

The same opinion was expressed by many Canadian newspapers, not merely the partisan Conservative organs, but independent journals. The Conservative papers and orators went further, and charged President Taft with deliberately planning, through reciprocity, to annex Canada to the United States. They also used, with great effect against the measure, the outspoken declaration of Speaker Clark in favor of annexation.

The question of reciprocity became the vital issue in the Canadian parliamentary elections of August. The Liberals, under the leadership of Sir Wilfred Laurier, the Prime Minister, supported the commercial treaty as a financial proposition that must operate finally to the advantage of Canada through the opening of more extensive markets for the products of field and mine, while the Conservatives, under the guidance of Richard Borden, were opposed to all forms of reciprocal trade with the United States, asserting that the adoption of a commercial past would divert the lines of trade from east and west to north and south, undermine the British influence, and result inevitably in bringing up the question of annexation.

The result of the elections on August 21 brought to naught all legislation on the subject of reciprocity. The return to the Dominion Parliament of 137 Conservatives to 84 Liberals, thus bringing the Conservatives into power for the first time in fifteen years, indicated that the elections were in effect a popular rejection of reciprocity by Canada.

Reciprocity with the United States

Canadian Debate, March 20 and 25, 1911

The speeches of two public meetings held in Montreal, in March, 1911, form a debate that is typical of a number of discussions which took place in Canada on the ratification of the reciprocity treaty with the United States.

On March 20 Z. A. Lash, King's counsel, of Toronto; T. Chase Casgrain, Esq., and Professor Stephen Leacock of Montreal, and Clifford Sifton, a former Minister of the Interior in Laurier's Cabinet, spoke in Windsor Hall against ratification.

Mr. Lash called the proposition a "preposterous" one, and characterized the issue it presented as "the most important in the history of Canada." The agreement, he said, was made in Washington without the knowledge of its nature being communicated to the people of Canada. Of the Canadian negotiators he said:

They told us both parties, Liberal and Conservatives, were committed to reciprocity. Gentlemen, I deny that statement. I deny that the Conservatives in 1911 were committed to the principle of reciprocity with the United States. I shall demonstrate that twenty years ago Canada was opposed to such reciprocity, and that this is still the case. As I go along I shall show the difference between Canada twenty years ago and Canada to-day.

We have heard that the treaty of 1854 was beneficial to Canada. Canada in 1854 consisted of only the present provinces of Quebec and Ontario. Our efforts to create a nation began with the British North American Act of 1867, when these two provinces and Nova Scotia and New Brunswick were united into the Dominion of Canada. One clause of this act acknowledged the principle which has run through all our legislation, all our public policy, from that day to this, namely section 154, which declared that the building of the Intercolonial Railway is necessary to the union of the provinces—that east-and-west transportation is essential to the consolidation of British North America.

When British Columbia was admitted into the union in

1871 it was decided that the Canadian Pacific Railway should be built for this purpose. Prior to 1871 the Canadian Pacific Railway was being constructed by the Government in sections, on the plan of utilizing water stretches wherever possible. But when, in 1878, the Conservative party obtained power, it was decided to build the road right through, on the principle of section 154 of the consolidation act.

Accordingly in 1881 the Canadian Pacific Railway was started as a transcontinental road, and finished some six or seven years afterward. This was the beginning of the nation which we feel sure Canada is well on her way to become.

When we introduced protection we found that it was just the policy to aid this national aspiration. The Opposition went to the country upon this issue, advocating unrestricted reciprocity, and the country would have none of it, determining that we should go on in our own way.

In 1896 the present Government came into power. What did they do? Did they claim that the national policy was bad for Canada, and that we should not have protection for our own industries? On the contrary, they began to improve this policy, and in 1897 reappealed the clause relating to reciprocity with the United States. They began the construction of the Canadian Northern Railway, and committed the country to the expenditure of hundreds of millions of dollars in furthering the principle of section 154 of the consolidation act. On this the whole country was then agreed; there was no dissent to making Canada a nation by having that railway run from east to west, every inch on Canadian soil, and to-day, gentlemen, the purpose and principle remain the same: the trade of Canada must not be deviated to other channels—Canada must not lose the trade which by national right belongs to Canada. [Cheers.]

As a member of Sir Wilfrid Laurier's party in 1896, I was proud to hear him state in patriotic language that the policy of his Administration would be this national policy. Reciprocity with the United States had then been repealed. I say, therefore, that the Liberal Government in 1911 is inconsistent in reviving it; it should be considered a dead letter. [Cheers.]

Here the speaker illustrated the antagonism between reciprocity and the national policy by exhibiting a map showing J. J. Hill's railway system.

Do you see all these spurs, these feeders, running up from the main line to the Canadian border? They are all there ready

to go *over* the border, if this agreement goes into force, like a lot of snakes with their mouths open, waiting to devour our trade.

Why do we oppose this agreement—we Liberals, as well as the Conservatives? Because we are Canadians first and party men afterward. [Cheers.] It is not because the price of eggs or butter may be diminished. It is not because some parts of the country and some individuals may make a little money at the expense of other sections and persons, but because the whole principle of confederation is menaced. Our traffic should be with each other, and not with the people to the south of us—it should be across the seas to Great Britain and her colonies, if we are to hold our present proud position as the most important link in the world-encircling chain of British federation. [Applause.]

The speaker closed by quoting from speeches in Congress and editorials in newspapers of the United States advocating reciprocity as a step toward the annexation of Canada.

T. Chase Casgrain developed the closing theme of Mr. Lash. One-third of the population of western Canada, he said, was composed of immigrants from the United States. He had heard that in many places there the Stars and Stripes floated in place of the Union Jack; the good old British songs were forbidden in the schools; and the Fourth of July was celebrated in place of the King's birthday. (A voice: Shame!) These influences must be counteracted and the national ideal must be preserved.

What will be the result of this new policy inaugurated by Sir Wilfrid Laurier? We know what we now enjoy. Under the present system Canada has already become the most prosperous country in the world. Why not leave well enough alone? Why take a leap in the dark?

Our opponents answer that this attitude is that of the Chinese. If to be devoted to the interests of our country is Chinese, if to believe that its welfare is bound up in continuing our historic policy is Chinese, if to be firmly convinced that ours is the most prosperous nation in the world is Chinese, then all that I can say is that I am a Chinese with a pigtail. [Applause.]

Mr. Casgrain went on to make a local point by arguing that reciprocity in national products would be inevitably followed by reciprocity in manufactures to the ruination of rising industrial cities like Montreal. He also appealed to the racial feeling of the French Canadians, who formed a large part of his audience, by pointing them to the results of annexation to the United States which occurred in Louisiana. Let them take a lesson, he said, from the history of this old French province, which had now become Americanized, and where no French people had any rights.

Professor Leacock declared that the Government had acted in autocratic fashion in making the treaty with the United States, and it should be repudiated.

Shall two old gentlemen in a hurry sneak down to fat entertainments at Washington, and come back to us fellow citizens with a paper in their hands, and say: *"La chose est faite"*—the thing is done? Is this the way our democracy is to be conducted?

The professor then played upon the patriotism of his auditors, opposing to the admitted commercial advantages of the treaty the danger to national integrity lurking therein.

There is no gain in the treaty compared to the sacrifices. Shall the maritime provinces be sold for Boston novelties? We defy the Government to come before the country on this question. The very farmers, the Prince Edward Islanders, who hope to pocket two cents more a bushel for their potatoes by the treaty, would have uneasy consciences over its ratification.

I do not wish to speak any evil of the American Republic. The Americans are a great people, but fifty years ago we settled the question as to what our lot was to be with respect to them. We have decided once and for all that the British flag was good enough for us. [Cheers.]

We took this country when nobody wanted it; when it was *quelques arpents de neige*.[1] We made it our home, and, now that we have found that it is one of the greatest and noblest heritages, our sturdy American President [Mr. Taft] looks

[1] "Certain roods of snow."

over the wall, hoisted up with the block and tackle of his compatriots, and says: "Lo, there is a fair land," and, turning back to those who lifted him, remarks: "We have made a mistake; this place is well worth having. Hither to me, my trusts, and let us begin our onslaught upon the Dominion of Canada. Come hither, all ye of the Minneapolis Millers' Association, and my stalwarts of the paper trust, look what lies beyond the wall!"

And whom have we at Ottawa to look out for our interests? Come down to us, Mr. Fielding, and tell us how we may sell our potatoes and wheat, and with them the institutions which we so dearly prize.

Mr. Sifton, the last speaker, was greeted with great enthusiasm, and his speech was punctuated with applause and cheering. He said that he and Mr. Lash and other Liberals who opposed reciprocity, were consistent with their party's policy—it was the Laurier Administration that was inconsistent.

The fiscal policy of the Liberal party was partially settled in 1897, when our tariff was fixed substantially as it is now.

In 1898 there was an attempt to secure reciprocal trade relations with the United States. Sir Wilfrid Laurier and his associates spent a considerable time in Washington, but returned without having made any agreement.

In 1900 a general election was held in which the fiscal policy of the government was discussed from one end of Canada to the other, and the Liberal Government was retained in power by large majorities in almost every section of the country.

In 1904 and 1908 the fiscal policy of the Government was again discussed, and was similarly approved.

At no one of these three general elections was there a syllable breathed in favor of reciprocity with the United States by any member or spokesman of the Government.

Mr. Sifton then analyzed the tariff of 1897, and showed that under it the farmers were benefited, their products having risen greatly in price, and their purchases by a little.

So there is no ground for the suggestion that our manufacturing population is exploiting the farming population; on the contrary it appears the farmers are getting the better of it.

The question now is, Was the principle of reciprocity abandoned during all these years from 1897 to the present?

Sir Wilfrid Laurier says in Parliament that it was not abandoned—at least, that he was not conscious that it was abandoned. He says that it was held, not in abandonment, but in abeyance. [Laughter.]

When Mr. Laurier came back from Washington in 1898, after his abortive attempt to secure reciprocity, he gave out the following public statement:

If we know the hearts and minds of our people at present, I think I am not making too wide a statement when I say that the general feeling in Canada is not in favor of reciprocity. There was a time when Canadians would have given many things to obtain the American market. There was a time when the market of the great cities of the Union was the only market we had, but these days are past and over. We are not dependent on the American market now.

The speaker said that Mr. Laurier had repeated the substance of this declaration at various times from 1898 to 1909, giving, in the latter year, as justification for the Government's enormous expenditure on the Grand Trunk Pacific, the absolute necessity of rendering the Canadians independent of the Americans. Mr. Sifton therefore claimed that reciprocity had been definitely abandoned by Mr. Laurier's Administration, and was not "held in abeyance."

He then compared the industrial condition of Canada with that of the United States.

During the last twelve years we have had, with perhaps one exception, no break in our prosperity. There was in 1907 a falling off in our business to a certain extent, but it was not serious enough to be termed hard times.

On the other side of the line they have had at least three serious business depressions in the same period, that in 1907 amounting to a long-continued and widely extended panic, which was followed by great suffering, especially among the poorer classes, who were deprived of opportunities to labor.

The result of our tying ourselves up to the people to the south of us will be that we will go on enjoying our present prosperity until the next panic, when we will have the honor and the pleasure of joining them in their financial embarrassment.

The advocates of reciprocity say to us that it will give the Canadian farmers ninety millions of Americans to whom they can sell their products. In answer, we say that these ninety millions produce more agricultural products themselves than we do. For instance, in 1909 the United States exported over $400,000,000 of food products, the chief items being $216,000,000 breadstuffs and $156,000,000 animal products, both of which products are exported by us.

In this export the United States is our stiffest competitor. I do not think that any business man would succeed for long who let a rival run his factory.

One of the effects of reciprocity is that it puts a premium on bad farming by encouraging shipping raw products of Canada to a foreign country, there to be worked up at a profit, and sent back to us at an advanced price. Now there is no country in the world that ever made a practice of continuously shipping raw products of the farm to other countries, and at the same time succeeded in retaining its own country in a condition of agricultural prosperity.

Mr. Sifton then spoke of the manufacture of paper, which under the fiscal policy of the province of Quebec was developing there to the great advantage of the laboring people, and claimed that this industry would be ruined by reciprocity.

The newspaper association of the United States wants to get our pulp wood. The publishers do not want paper so much as pulp. Now it has been shown in the debates at Quebec that the province gets ten times as much benefit from the manufacture of paper as from the export of the raw material. We are satisfied to let the American publishers get cheap paper, but we want the mills to be located here. [Applause.]

Mr. Sifton then dilated upon the power of the great flour mills of the American Northwest and of the Chicago meat-packers, and claimed that it would be impossible for the small Canadian enterprises in these lines to maintain their existence against the competition which reciprocity would afford. Of the packing business he said:

The meat trust may think for diplomatic reasons it is ad-

visable to let a meat establishment live in Canada for a little while, but so far as living in competition with them is concerned we have not the slightest chance.

Of the railways he said:

The Canadian roads spend about fifty per cent. of cost of labor and materials in Canada. We are going to cut this off. By this treaty, which will carry trade north and south, we are going to take off a large slice of the earnings of our railways, and give it to the railroads of a foreign country.

Mr. Sifton next remarked upon the danger of entering upon a policy the continuance of which depended upon the will of an independent second party. The United States might abandon reciprocity.

Then we will have to go back to where we were twenty years ago, and start off all over again to build up our trade. The President of the United States tells us that we are "at the parting of the ways." Let the people of Canada decide which way they will take, that toward dependenec or that toward independence. Let them record their franchise on this question, and do their duty by burying this proposition so deeply that no government in Canada will ever again make the mistake which our friends in the present government have done. [Tremendous applause.]

On March 25 a meeting in favor of reciprocity was held in the same hall. The speakers were W. S. Fielding, Minister of Finance, and one of the two negotiators of the treaty at Washington; Ralph Smith, M. P. for Nanaimo, B. C., and Sydney Fisher, Minister of Agriculture.

Mr. Fielding began the discussion. He first denied *in toto* the statement of Mr. Casgrain that he, Mr. Fielding, a member of the Canadian Government, was an advocate of annexation to the United States. Reciprocity between the two countries was simply a commercial affair that would be to the advantage of every section of the nation, and so bind its parts together. Montreal, for example, was interested in building up western Canada and so making a market for the manufactures and importations of the eastern metropolis. How would reci-

procity make the west more prosperous? The miners of British Columbia were in favor of the measure since they would have a new market for their coke, this being admitted free of duty into the United States. The prairie provinces of Alberta and Saskatchewan, it was admitted, were solidly in favor of reciprocity for the benefits to the farmers it was expected to confer.

Mr. Fielding then replied to the criticism that the Government had received no mandate for making the reciprocity treaty.

Sir, we have a mandate. [Cheers.] We have the mandate of fifty years of Canadian history. There is a dividing line; there is a point at which the history must begin. That point has been chosen by one of the opponents of reciprocity, and I will take him at his choice. You have all read, I am sure, the letter of an enterprising citizen of Montreal, and one whom we all respect as an enterprising citizen, Sir William Van Horne. [Cheers.] Sir William Van Horne said:

"The other day, Mr. Fielding in a cable dispatch to the Canadian High Commissioner in London, said that for fifty years the people of Canada, in both political parties, had wished for reciprocity. That was true—"

[Cheers.]

But you must let me finish that sentence.

"That was true," said Sir William, "in the sixties and the seventies, but it has not been true since."

[Cheers.]

I am glad there are some to applaud because I want to hold them responsible for Sir William Van Horne's words.

Against that statement of Sir William I read the following clause from the Statutes of Canada in the year 1880:

Here Mr. Fielding read a standing offer to abolish the duty on virtually all important agricultural, animal, and sea products imported from the United States when that country abolished duties on similar Canadian products.

In 1886 the Statutes of Canada were revised, and that standing offer was crystallized into a permanent law. Yet Sir William says that nobody wanted reciprocity in the eighties. Which tes-

timony will you receive, my good friends—Sir William's or that of the law books of the Dominion of Canada.

In 1888 Sir Charles Tupper went to Washington in behalf of the Canadian Government to seek reciprocity. So anxious was he for the agreement that he offered, as an extra inducement, free fishing privileges in Canada. But he was turned down. At this time we have formed a treaty without this concession on our part. [Cheers.]

Sir William Van Horne says that nobody wanted reciprocity in the nineties. Well, in a speech from the throne at the opening of Parliament, April 3, 1894, I read as follows:

My advisers, availing themselves of opportunities which were presented in the closing months of last year, caused the Administration of the United States to be reminded of the willingness of the Government of Canada to join in making efforts for the extension and development of the trade between the Republic and the Dominion, as well as for the friendly adjustment of those matters of international character which remained unsettled. I am pleased to say that these representations have resulted in the assurance that in October next the Government of the United States will be prepared to consider the best means of arriving at a practical solution of these important questions.

That was the last speech Sir John Macdonald ever put in the mouth of the Governor-General. Not many weeks later he passed away, and others took his place. Again we find that the Conservative Government lived up to its traditions on that question, for they also declared that they were anxious for reciprocity. In the tariff act of 1894, the last tariff act of the Conservative Government, they put on the Statute Book another standing offer, not so broad as the previous one, but of very much the same kind.

And so we have this conclusively proved that, not in the ancient history of Canada, but down to the last day upon which the Conservative party ruled this Dominion, they were and proclaimed themselves to be advocates of reciprocity. In the elections of 1891 Sir John Macdonald criticized and assailed the wider policy of his opponents, but the Conservative party at that time declared everywhere that they were the champions of reciprocity, and in that campaign the chief Conservative organ, the Toronto *Mail and Empire*, made the statement that there had been ten offers of reciprocity to the United States, and nine of them had been made by the Conservative Government.

Well, the Conservative Government passed away and the Liberal Government came into power. [Cheers.] The Liberal

party had, at its convention in 1893, declared in the most positive terms that one plank in the platform of the Liberal party was that they wanted reciprocity. Here are the words of the resolution passed at the Liberal convention in 1893:

That a fair and liberal reciprocity treaty would develop the great natural resources of Canada, would enormously increase trade and commerce between the two countries, would tend to encourage friendly relations between the two peoples, would remove many causes which have in the past provoked irritation and trouble to the Governments of both countries, and would promote those kindly relations between the Empire and the Republic which afford the best guaranty for peace and prosperity.

That was the Liberal policy on reciprocity. But it has been said in a meeting held last week in this hall that the Liberal party had abandoned reciprocity in the tariff of 1897. Well, sir, the Liberal party at that date did not adopt the policy of the standing offer, because they did not think that was the best way, but in the very speech which, as Minister of Finance, I had the honor to make in bringing down the tariff of 1897, I said:

The Ottawa platform pledged the Liberal party to use all honorable efforts to bring about better trade relations with the United States. We have already taken the first step in that direction by commissioning two ministers of this government to visit Washington and make known the fact —if it is necessary to make it known—that Canada is willing to negotiate with our American neighbors for a fair and reasonable reciprocity treaty.

Was that abandoning reciprocity? [Cries of No.] Then I went on to say:

If our American friends wish to make a treaty with us we are willing to meet them and treat on fair and equitable terms. If it shall not please them to do that, we shall in one way regret the fact, but shall nevertheless go on our way rejoicing and find other markets to build up the prosperity of Canada independent of the American people.

Now, I have shown you that, through all these years when our good friend Sir William Van Horne said nobody in Canada wanted reciprocity with the United States, every public man of prominence on both sides of politics was declaring that he desired it. [Cheers.] Our American friends did not meet our advances in the spirit in which we thought they were entitled to be received, and there grew up in Canada a feeling, first of re-

gret and afterward perhaps of resentment, at what we regarded as unfair treatment. Then we ceased to look to Washington for reciprocity. It was not because reciprocity had ceased to be desirable, but because we saw no indication that we would get it. The economic facts did not change, and if reciprocity was a desirable thing in 1897 it was equally desirable in the year 1898 and so on for the intervening years.

A VOICE.—No.

MR. FIELDING.—What change had happened? Does my friend over there think that since 1897 the conditions in Canada changed so much that we did not need reciprocity?

THE VOICE.—Hear, hear.

MR. FIELDING.—Then, what he means to say is that reciprocity was needed desperately when the Tories were in power, but when the bright sun of prosperity came under Liberal rule Canada did not need reciprocity. [Cheers.]

Then we are told that this reciprocity agreement came as a great shock to the country; it was a bolt from the blue; everybody was astonished. Well, let us again see what the facts are. Just one year ago there were some negotiations at Washington. It would occupy too much time to explain just how the difficulty of that time arose, but we had some negotiations with the United States and we turned a very uncomfortable corner and brought happiness to the great mass of business people in Canada, who had been very much alarmed. At that time, arising out of these negotiations, the President of the United States through his Secretary of State declared that it was his desire that we should enter into negotiations for reciprocal trade arrangements. The government of Canada replied that they were glad to find the Americans in a better frame of mind, and that we would be very happy to discuss the question with them. Now, mark, if that was all wrong, if we did not need reciprocity, if that was a disloyal proceeding, why did not our good friends of the Conservative party meet us right there and say: "No, you must not do it, we do not want reciprocity." What happened? The arrangement we have had made at Washington—not for reciprocity, but that which has been called the foundation of these later proceedings—was adopted by a unanimous vote in the House of Commons. To-day there are men who will come on the platform and tell you that it was a bad arrangement. What a great pity it is that we cannot be as wise in advance as we are when we look behind!

At the opening of Parliament in November, 1910, a passage was inserted in the speech from the throne stating that we

were carrying on these negotiations and that we hoped they might result in success. Was anybody shocked then? No. That was the time to be alarmed if there was any cause for alarm, but instead of that we found that members of the House on the Conservative side were disposed to say that it would be a very good thing if we could make a satisfactory statement, but that they did not think we could succeed. [Cheers and laughter.] But we did succeed, and that was the "shock" to our Conservative friends.

Mr. Fielding then turned to the anti-reciprocity argument of the danger of interfering with the present prosperity of Canada.

Very ugly things are said just now about reciprocity. But the worst is not so bad as what Sir Charles Tupper said about the tariff policy of the Laurier Government when it was first introduced. If after a few years the Conservatives can forget all the ugly things they said, and can now come before a public meeting, and say: "We take it all back, the tariff policy of the government is lovely, and the country is prospering splendidly"; don't you think I have the right to expect that in about five or six years hence there will be a meeting in this hall and some good Conservative will tell you about the blessings of reciprocity and say that everything is lovely?

Now, this reciprocity agreement is chiefly confined to natural products, to the very things that were in the standing offer of the Conservative party for some years. If the public men of Canada, Liberal and Tory alike, for fifty years have not been fools, reciprocity in natural products is a good thing for this country. [Cheers.]

But what about the manufactures? This agreement should show to every intelligent manufacturer who reads it that manufacturing interests were carefully guarded. [Applause.] It is on public record—Mr. Taft, President of the United States, stated it in a speech a week ago—that his instructions to his commissioners were to offer Canada free trade in manufactures. I have no doubt he gave these instructions, but they never made a formal proposal of that character. They never were permitted to get near enough for that purpose. [Cheers.] We told them frankly at the beginning that in the matter of natural products we could meet them on even terms, but we said: "When it comes to manufactures we have to be more careful; we frankly admit that with your greater capital and your spe-

cialized organizations you are more than the equals of us in your manufacturing power, and we are not prepared to make a treaty with you including any wide range of manufactured goods." [Cheers.]

But it is said there are some manufactures on the list. Take up the whole list of free manufactures that you find in that agreement and you will discover that they are already in every case, or nearly so, free in Canada, and the only change made is that we are getting them free into the United States. How can that hurt us?—surely we are no worse off.

The manufacturers are not hurt; they are more frightened than hurt. [Applause.] I give it to you as my opinion,, worth much or worth little, that, if by the forces of the manufacturers this agreement be destroyed, there will grow up in the Western country a feeling that will be dangerous to the manufacturing interests of Canada and dangerous to the welfare of this Dominion. [Applause.]

It is urged very strongly that if we give free trade in agricultural products we cannot help giving free trade in manufactures. Now, to begin with, if that argument is used by a Conservative, it is a severe arraignment of the national policy, because the national policy, in the same act which established high protective duties, gives a standing offer of reciprocity in natural products. It is reasonable to suppose that when you put the farmer's products on the free list you do not sacrifice him, you satisfy him. He is asking you to have free trade in natural products, because, although there may be some little disadvantage locally, he knows he gets compensation in the larger markets of the United States. But that is not so with the manufacturer. With the great power and capital and specialized organization of the Americans they can, as a rule, beat us in manufacture. And if we were to have free trade in manufactures we would undoubtedly close up many of the factories of Canada. Well, we want factories in Canada. [Cheers.] We have guarded them in the past. [Cheers.] You manufacturers were told by the Conservatives in 1897 that if you trusted your fate to the Liberal Government dreadful things would happen. Did they happen? To-day you are teeming with prosperity as you see. Trust us again. [Cheers.]

Just a few words more and I will close.

Annexation! Is it not a scandal and a shame that our opponents should talk annexation? I read the other day a headline in the Montreal *Star* to a cable from England——

A VOICE.—Sorry you had nothing better to do.

MR. FIELDING.—It was a scare headline and it caught my eye. [Laughter.] It read: "Annexation hurts our issues," referring to the issues of securities in London. Now, if annexation hurts our issues who is responsible for it? The friends of reciprocity are not talking of annexation. [Hear, hear!] It is the opponents of reciprocity who are waving the flag—Heaven help us that the flag should be used for such a miserable purpose. [Cheers.] We are told that if we trade with the Americans we shall cease to be loyal; we are told that if we buy and sell with them we shall impair our loyalty. That's it, is it not?

SEVERAL VOICES.—That's it.

MR. FIELDING.—There comes back to my mind a memorable scene of my childhood days. It is the summer of 1860, nearly fifty-one years ago. All British America is astir with interest for the coming of the future King. The young Prince of Wales lands at Halifax. A procession is formed, and passes down through the streets. The housetops and windows are filled with loyal people, who with flag and wreath and loyal motto welcome the prince, while cheering thousands hail him as he passes along. Why do I recall this scene to-night? It is because that splendid demonstration of loyalty and devotion to the throne and person of our sovereign occurred in the very midst of the period of the old reciprocity treaty. [Cheers.] We had bought from the Americans and we had sold to the Americans. We had traveled to and fro and met them in all the walks of commercial and social life. But it never occurred to anybody to say that we ceased to be loyal. The scene in my native city of Halifax was repeated throughout every province of this country. And then something else of interest happened. Friendly trade relations with the United States had brought about friendly relations in other respects. The young prince was asked to cross the border and visit the American people. He accepted the invitation and traveled through a large section of the American nation and received everywhere from the people the utmost respect. The prince returned to the Motherland to tell the story of the happiness, contentment, prosperity, and loyalty of the Queen's subjects in British America, and of their happy and friendly relations with the people of the great republic. History will repeat itself. There is a young prince to-day in training for his duties as our future King. He will come out to Canada one of these days, as his grandfather, Edward the Peacemaker, came. I trust he will come in the midst of the new period of reciprocity, and then he will be able to testify as his grandfather

did: That the people of this country, trading though they are with the Americans, buying and selling and dealing with them, are nevertheless more devoted than ever to the throne and person of our gracious sovereign. [Cheers.]

Ralph Smith opposed the doctrine of Mr. Sifton that lumber should not be sent out of the country.

If we should not send lumber out of the country, then we should not send coal out of the country, and if we should not send coal and lumber out of the country we should not send fish out of the country. I am simply driving my friend, Mr. Sifton, to the logical conclusion of his argument; if it was reasonable to build a wall around Canada and say, "Canada for Canadians," if that is his policy, then we will deteriorate as a nation. Why, there is no man that has goods to sell to-day in Canada that would not be glad to sell them to the United States or to any other foreign country if he could get a better price.

Now, I come to the coke industry. What is free coke going to do? What is the position of that industry now? It has been demonstrated within the last two years that the deposits of bituminous coal in British Columbia are the largest in the world. The deposits of coal in Alberta and British Columbia, in point of quality and quantity, are not equaled by those of any other nation on the earth. Are you not going to permit us to send our coal to the Yankee, if he wants it? We cannot live if you do not. British Columbia was exporting coal fifty years ago. Where did she send it? She sent it to San Francisco, and, if we could not have got it into the United States even against a high duty, there would have been no British Columbia in the Confedcration in 1870 to pay the majority of the taxes for the Canadian people in 1911.

Now, what does that mean to British Columbia? The State of Washington has absolutely no coal that can be manufactured into coke. As a result of taking the duty of one dollar a ton off coke, all the great foundries and smelters in the Western States are going to use our product and then we will practically have a monopoly of the great markets of the American West for British Columbia coke manufactured out of British Columbia coal by British Columbia labor at good wages.

Let me look for a minute at this agreement with reference to its effect upon the consumer. The consumer represents the great interest of this country. The argument has been put up by a few people—How are you going to increase the price to the

farmer, and reduce the cost to the consumer? You must remember that in Canada we have a great agricultural country, that we have millions of acres of the richest land in the world. The opponents of this measure say that if the United States take our natural products it is going to create a strong demand for these commodities and the result will be that these natural products will be dear. That is the argument. But you must remember that simultaneously with the finding of the market for our agricultural products in the United States you will have the greatest development of agricultural production in this Dominion that has ever taken place. The very fact that you have millions of acres of land, the very fact that you create a market in the United States, and consequently create an extraordinary demand, will bring about an enormously increased investment of capital in agricultural land and an enormously increased production of agricultural commodities which will operate in favor of the consumers of this country. British Columbia consumes thirty millions worth of agricultural products a year and she produces only fourteen and a half millions a year. If the working men of British Columbia, who are engaged in or enter into these industries can get their food supplies at less cost, they will be able to buy more articles from the merchants and manufacturers in Montreal.

Mr. Smith then discussed the question of annexation. He denied that an increase of commerce with the United States would tend toward political incorporation into that country. Pointing to the cumulative growth in recent years of the business transacted between Canada and the United States, even without a reciprocity treaty, he asked if it had made the Canadians less loyal to their country than when the trade with their southern neighbors was meager.

I need not say, ladies and gentlemen, that the independence of this country and our connection with Britain do not depend, as history proves, upon any principle of trade. If they did, we would have been annexed years ago. How is it that we did three hundred and fifty million dollars' worth of business with the Americans without anybody ever suggesting that we were going to have annexation, and how is it that because we prefer to get another million dollars' worth of trade we are going headlong to the devil of annexation? There is nothing in the argu-

ment. The only American of importance that I ever heard say with any emphasis that we were likely to be annexed to the United States, was Champ Clark. I beg the pardon of my friend, Mr. Foster, and of my friend Mr. Borden when I say that Champ Clark has as much right to say that as they have, and as little basis for saying it. Gentlemen, I will never think that an increase of friendliness with Uncle Sam will interfere with my respect for the old parent, John Bull, for one minute. It is a slander on the loyalty and independence of this country. Mr. Gladstone once said: "Liberalism consists in trust in the people, qualified by prudence; Toryism consists in distrust in the people qualified by fear." That statement was made thirty years ago, and it is absolutely true to-day. Who are the fearful men in this country? [Cries of "The Tories."]

Mr. Smith.—Why, the Tories, of course. Who are the men who are willing to trust the people? [Cries of "We are" and "the Liberals."]

Mr. Smith.—The Liberals, of course. Ladies and gentlemen, any trade arrangement between the United States and Canada is a mere incident in the great Anglo-Saxon movement. The democracy of England have three times said: We will not permit you to tax the food supplies of this country. The democracy of Germany have risen almost to rebellion because of the cost of living and the small increase in wages. The democracy of the United States have scared the Republican President, the protectionist Republican President, to look after the interests of the people, as against the trusts of that country. Will statesmen in Canada read the writing on the wall? Mr. Taft was pretty nearly too late, but it did not take him long to get into line when the democracy spoke. The democracy of this country insist that no special privileges shall be given to the trusts that terrorize and interfere with the rights and liberties of the citizens, and one of the best things that Mr. Fielding did was to make free the food of the people of this country. He has left the protection to the manufacturers, and they will profit by the larger production of food products.

Mr. Fisher declared that the interests of Canada had been fully guaranteed in the reciprocity agreement.

It has been commonly said throughout Canada that if the Americans wanted reciprocal dealings with us they should bring down their tariff to our tariff.

By the agreement the American duty on every article in it is

brought down to the exact equivalent of the Canadian tariff. [Cheers.]

Again, this agreement has been brought about, not by a pilgrimage from Canada to Washington, but by a pilgrimage from Washington to Ottawa. We have been told that the Liberal party had deserted the reciprocity plank in their platform. We are told that since 1898, when Sir Wilfrid Laurier sent two of his ministers to Washington to obtain a reciprocity agreement, and the Americans turned the cold shoulder upon that offer, Sir Wilfrid has said: No more pilgrimages to Washington to secure reciprocity. That dictum of the leader of the Canadian people has been absolutely fulfilled. [Cheers.]

We left the American people to change their opinion of their own free will; we left them to come to Ottawa and ask us to resume the negotiations which in 1898 they had broken off somewhat abruptly. And, ladies and gentlemen, the result is that to-day we have reciprocity on Canada's conditions; reciprocity absolutely such as Canada has been wanting, absolutely such as Canada has been willing for all along. [Cheers.] And we have that reciprocity as the result of a request from Washington, and of friendly overtures which were made by the American Government to us.

Let me say a word in regard to the condition of affairs when that overture was made. The President of the United States, impressed by the agitation against the high cost of living in the United States, impressed with the necessity of overcoming in that country the mistake which was made when the Payne-Aldrich tariff, which was not received with favor by the people of the United States, was passed, felt it was necessary to do something to open to the people of that country the hope of lessening the cost of living, and he turned to reciprocity with this country.

We have heard much about annexation. It has been held up to us as a bugaboo to frighten the people. This is a line of argument which is very characteristic of our friends, but I want to say in solemn earnestness, and as a warning to the men who have so recklessly and unwarrantably raised this question before the people of Canada that to-day there is no annexation sentiment in Canada. Why? Because we have a prosperous and contented people, and we know that revolution cannot raise its head where the people are well off and contented. Annexation would be revolution.

I would say, however, that, if the Canadian people are to be divided, into one class in the East, selfishly looking to their own

interests, and one class in the West, and these men in the West are to be deprived of the opportunity to sell where they can sell best, they may insist on having it by annexation. I tell you that the men who are raising this cry here to-day, in the lightness of their heart, and the ignorance of their thought, are playing with fire; that, if it were once kindled, might destroy the fabric of this great and glorious Dominion, that we have been laying the foundation of and carrying on to its highest development. They talk about it being disloyal to trade with the Americans. They say that the farmer who sells a cow across the line is doing what he ought not to do in the interest of the empire, they say that a farmer who sells a tub of butter, a chicken, or an egg on the other side of the line is guilty of disloyalty to the empire. What do they do? I have a little list of some of the things in which we trade with the United States. I will give some of them. We bought one and a half million dollars' worth of automobiles from the United States. I have no doubt that the members of the Anti-Reciprocity League bought some of them.

The people of Canada bought sixteen million dollars' worth of coal from the United States. Why? It is disloyal to trade with the United States. You can buy coal in Nova Scotia, you can buy coal in British Columbia, and you can buy coal in Alberta. Why do these disloyal anti-Imperialists, and, according to this argument, annexationists, buy sixteen million dollars' worth of coal?

There are cotton factories here in Canada. Now, what do you think these people do? Do in the interest of their industry, do in the interest of their trade, do because it is the most profitable thing for them, so that they may pay larger and larger dividends on their highly protected product? What did they do? They went to the United States and bought nine million dollars' worth of raw cotton.

A Voice.—We do not grow cotton.

Mr. Fisher.—No, we do not grow cotton, but this, say the opponents of reciprocity, is an imperial question, and Egypt and India, parts of the empire, grow cotton. My friend down there is no doubt one of the Anti-Reciprocity Imperialists. He, however, cannot include the whole empire in his view. When it comes to a question of buying cotton he has no fear of annexation, and makes his purchases in the United States.

But there are other things. Of drugs and dyes we bought seven million dollars' worth from the United States, and of electrical appliances three million dollars' worth. We have a

large number of electrical establishments in Canada. How is it, then, that people go and buy three million dollars' worth of electrical apparatus from our hated rivals on the other side of the line? They are disloyal not only to the empire, but even to Canada.

Of furs we purchased three million dollars' worth, of rubber five million dollars' worth, and of hats one and a quarter million dollars' worth. I do not know whether these were men's hats or ladies' hats, but I would like to implore the Anti-Reciprocity League and the ladies never to buy their hats in future from the United States. Of leather hides we purchased three million dollars' worth, and of copper three million dollars' worth. We produce copper in Canada; we have some of the best copper mines in the world.

A Voice.—Owned by the Yankees.

Mr. Fisher.—Very likely, but still employing Canadian labor and producing Canadian wealth. We have been able to attract American capital over to Canada, and I hope to annex a very large portion of it, which, I suppose, is just as disloyal as it is to sell them an ox or a horse.

I said a few minutes ago what might happen if the question as between the East and the West were raised. It has been the glory of the Liberal party, led by Sir Wilfrid Laurier, so to regulate our policy and our administration as to bind not only different nationalities and creeds together, but to bind the different sections of this country from one ocean to the other in one great harmonious whole. When Mr. Fielding first amended the tariff of Canada fourteen years ago, we were told, even before we came into power, what folly it was for us to say that we could reduce the duties and raise the revenue. Mr. Fielding introduced in his tariff of 1897 reduced duties on a large number of individual items, and put a large number of items, chiefly the needs of the farmers and laboring classes, on the free list. When he had done that in a large measure, he introduced British preference and he cut a lot of the duties down on articles in which we trade with the Motherland, first by 12½ per cent. and then by 25 per cent. and then by 33 per cent. and produced a constantly growing and larger revenue. We have gone on from that day to this always carrying out the principal of the Liberal party in tariff adjustment, lowering the incidence of taxation upon the consuming classes, and at the same time so doing it by a proper, skillful, and scientific adjustment of the duties on individual items of the tariff on manufactured articles and raw material, that the industrial classes have prospered,

advanced, and progressed in a way that was never dreamed of before in the history of the country.

To-day we are taking another step in the same direction. We are reducing the scale of duties upon a larger number of things that are imported into and exported from Canada. For the first time in the history of this country we have a say, a voice, in the arrangement of the American tariff. It is a tribute to this country that we have reached that stage of progress and advancement in which our great American neighbors find that we are a people to be reckoned with, and they come to us and ask us to barter and to treat in the adjustment of their own tariff, as we are doing in the adjustment of our own. Is this an occasion for Canadians to feel humility? Is this an occasion for Canadians to feel lack of confidence in their country and in their nation? No, this is one of the greatest tributes Canada has ever received at the hands of a foreign land.

In doing that we are accepting the right hand of fellowship which was held out to us a year ago, and I believe that we were not only wise, but that we were right in doing that instead of inviting the big stick of the maximum, non-intercourse item of the Payne-Aldrich tariff.

What is the condition to-day of international affairs the world over? We see overtures being made by one nation and another in favor of closer relations, amity, and friendship. Our great American neighbor has made a proposal to the head of the British Empire for a general treaty of arbitration, a step in favor of peace and good-will upon earth such as has never been known before in the history of the world. We have seen the foreign office in England, in the words of that great statesman, Sir Edward Grey, welcoming this overture from the American nation. We have heard the universal pæan, the cry of admiration, that has gone up from the friends of peace the world over, that the two great Anglo-Saxon nations are in favor of universal peace. Seeing them join hands, are you men who are trying to decry this reciprocity arrangement prepared to invite Canada to block this advance step toward an *entente* between America and the British Empire?

I appeal to you people here in the great city of Montreal, the great commercial center which has been built up and developed in its industrial production and its commercial interests by the tariff policy of Mr. Fielding and the Liberal Government to believe that in the future, as in the past, we will guard your interests while we are doing what is necessary in the interest of the other parts of the Dominion and of every class in the Do-

minion. That has been the keynote of the Liberal policy—the lowering of the tariff, and the maintenance of industry. We can do this as we did it in 1897. We reduced the duties to a moderate level, while at the same time maintaining and increasing the revenue. To-day we are giving an increased market to the farmers of Canada, moderating the exclusive tariff of the United States against our products, and at the same time safeguarding the industrial and commercial interests of the country. You people are afraid; you believe that we cannot do what the Tories have failed to do. We have shown you that we were able to do it in the past, we know that we can do it in the future, and it is our determination, with the backing and support of the people of Canada to carry this as a crown to the glorious work that Sir Wilfrid Laurier has done not only for Canada but for the empire and the world.

GREAT DEBATES IN AMERICAN HISTORY

From the Debates in the British Parliament on the Colonial Stamp Act (1764–1765) to the Debates in Congress at the Close of the Taft Administration (1912–1913)

EDITED BY

MARION MILLS MILLER, Litt.D. (Princeton)

Editor of "The Life and Works of Abraham Lincoln," etc.

IN FOURTEEN VOLUMES

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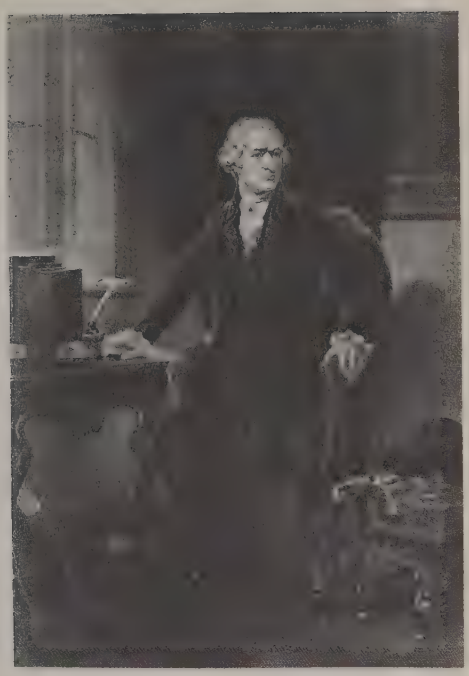
VOLUME THIRTEEN

FINANCE: PART ONE

With an Introduction by Theodore E. Burton, LL.D.
Senator from Ohio



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INTRODUCTION

The Need for Currency Reform[1]

An examination of the subject of currency reform will fail to convince us of the necessity of any increase in the aggregate volume of money in circulation. With one exception, that of France, the quantity of money per capita in the United States is greater than in any prominent commercial nation in the world. On December 31, 1909, the average per inhabitant in this country was $35.21. In France it is $37.85, due principally to the fact that the use of checks as substitutes for currency is much less. If we include with the amount in circulation the $150,000,000 gold reserve and the Government assets in our national treasury, our average amount would be $38.45 per capita, being greater than that of any prominent nation in the world. But, whichever method of determining the per capita circulation is chosen, the amount is greater by nearly $15 than in the period of maximum inflation in the Civil War, and greater by almost an equal amount than in the very prosperous years of 1880 and 1881; greater also by approximately $10 than twelve years ago, and this notwithstanding the constantly increasing use of checks and other substitutes for currency.

The most distinctive feature of our currency may be expressed in a word, and that is its motley character. Many other features, closely connected with this one, affect our whole system. To explain in detail, we have,

[1] Adapted from an address delivered in Philadelphia before the American Academy of Political and Social Science, December 8, 1910.

first of all, what are called the greenbacks, legal tender notes, amounting to $346,000,000. That amount was fixed in the year 1878. From 1862, the date of their first issue, until 1879 they were not redeemable in gold, but since that time a gold reserve has been maintained for their redemption, the amount of which was fixed at $150,000,000 in the year 1900. The next variety of currency is the national bank notes, which now amount to $726,000,000, according to the statement of December 1, 1910. These rest upon the security of Government bonds. The greenbacks are the direct obligation of the Government. The national bank notes are indirectly the obligation of the Federal Government. Indeed, they are more than this, since, whenever a national bank note is presented to our treasury, it must be exchanged by the Government for greenbacks or other legal tender. The total amount of greenbacks and national bank notes together is $1,072,000,000. In addition to this amount there are outstanding 564,000,000 of silver dollars, which rest in part on the credit of the Government. On the silver dollar there are written the words "In God we trust." The intrinsic value of this silver dollar, according to the latest quotation of silver, is 42.8 cents, the remaining 57.2 cents depending upon the credit of the Government. This is semi-fiat money, and it would cause very great embarrassment in our circulation, except for the fact that it supplies the demand for currency in small denominations. In almost every country a certain amount of what is called token currency is required. The national authority assumes as its prerogative the coinage of fractional silver and derives a profit from it. For instance, in this country there are outstanding $156,000,000 of fractional silver and token coins. Only $84,000,000 in silver dollars are actually in circulation, the balance of $480,000,000 being represented by what are known as silver certificates. These are mostly in denominations of one, two, and five dollars. The national banks are forbidden to issue bills below $5, and the greenbacks, which are legal tender, are not issued below $5. Our people very much prefer to handle bills rather than coin, so in providing de-

nominations of $1, $2, and $5 the silver certificates are very useful.

The best feature of our currency system I have not yet mentioned. We have in this country $1,700,000,000 of gold coins, nearly one-half of the whole amount of our currency, which at the present time is approximately $3,500,000,000. The $1,700,000,000 of gold, of course, circulates anywhere on the globe, since it has intrinsic value. You may melt one of these gold coins in a crucible into a shapeless mass and after that operation is finished it has as much value as it had before. This would not be true of the silver dollar which I hold in my hand. It would be worth only 42.8 cents if melted.

The principal disadvantages of our system are, first, that too much of our currency rests upon the credit of the Government. While it is true that the man who accepts a silver dollar, a silver certificate, a greenback, or a national bank note has absolute confidence in it because it is backed by the Government, nevertheless the system by which the Government issues so large a share of the currency is a vicious one. The experiment of issuing legal tender paper money has been tried by almost every nation in the world, and it has been abandoned by practically every one of the most advanced countries except our own. Nothing but the very exceptional credit of the United States saves us from disaster because of this situation.

It is true that the greenbacks served a very useful purpose during the Civil War, but what we need now is a currency adapted to our present needs, not one based upon historical or sentimental reasons. We want the best monetary system that can possibly be devised.

Briefly stated, the argument against such issues is that when a government issues currency it is in response to its own and not to business needs. Its expenditures should, under any rational system, approximately balance its income, but when its outgo is more than its income, then there arises the temptation to issue its paper currency, and that is just the very worst thing to do. In doing this the Government uses its right to create debt,

to create issues of money, just at the time when such obligations ought not to be created. In a well-managed bank or financial institution circulation is small when its assets are small, and circulation is large, or should be large, when its assets are large. The quantity of money should respond to the demands of trade. Now it is not likely that we shall have any great calamity by reason of this quantity of Government money to which I have referred, but if there should be a crisis like the Civil War; if there should be a period in which our crops failed year after year; if there should be an enormous increase in the expenses of Government, a tremendous strain would be placed upon our financial system. Also, there should be an adjustment of the amount of paper currency to the increase or decrease of the gold supply. If there should ever be a cessation or material decrease in the present constantly increasing production of gold there would be such a readjustment in the course of exchanges as would necessitate considerable alteration in our currency system.

A rational currency system is one in which the quantity of money may be increased or decreased according to the demands of trade, and there is no criterion of these demands so correct as the quantity of business that is done. When there is a large quantity of wheat to be harvested and the supply of bills to pay for it is small, then is the time when it is proper and rational to issue an additional amount of currency. I do not wish to be understood as saying we should make a sudden change in our system; all changes should be made slowly. Custom, so potent in all monetary systems, has adapted itself to the present situation, however faulty it may be. But I do advocate that, little by little, step by step, with no retrogression, we should move away from this system under which the Government supports with its credit $346,000,000 directly, $726,000,000 indirectly, and $564,000,000 in part.

What our currency system lacks most and what any reform must supply is elasticity. The present system is one of rigidity. Those amounts of currency which I have mentioned remain practically the same year in

and year out. Everyone knows that the demand for currency is different at different times. More is needed at the end of the week than in the mid-week, and more at the end of the month than in the middle of the month. Then there are annual disbursements, semiannual disbursements, and quarterly dividends to be paid. At certain times in the fall the crops must be marketed. Then you have what is called in England "the autumn drain." The degree of activity in business also varies greatly in different years. The volume of currency should expand and contract automatically to meet these business demands. But under our present system the amount of currency has no elasticity, no flexibility, except that which may be brought about by imports or exports of gold and by increasing or decreasing the quantity of national bank notes, and the volume of these latter does not respond to the needs of business. The law as it now stands forbids decreasing the national bank notes by more than $9,000,000 a month. Undoubtedly the lack of elasticity is the most serious defect in our present currency system.

What is required, first of all, is the enactment into law of a definite policy under which the quantity of currency can be diminished as well as increased. There is no reason for having $3,500,000,000 in circulation when it is not all needed. The result is necessarily harmful, as I can readily show you. Our bankers naturally wish to utilize all the currency in their vaults. They desire to obtain an income from their money on deposit in seasons of slack demand as well as in seasons of large demand. In any monetary system like ours the tendency is to make the total stock of currency sufficient to meet only the minimum demands. Thus when an increased demand arises, as inevitably it must, there is a scarcity or insufficiency of currency which threatens disaster. Now what happens? After great quantities of money have been loaned out and probably used for stock speculation or in other equally doubtful enterprises, there arises an insistent demand for currency for harvesting the enormous crops of the country. And thus, at this time of the year, when we need all of the money in circulation, we find that it has already been absorbed. This causes a stringency in the money market. This will always happen under an inflexible currency system like ours. You will notice, if you follow the stock market in these seasons of slack demand, that usually stocks command higher prices. The reason is that the speculator can borrow money at cheap rates, and consequently the number of stock buyers is increased.

The principal facts or objects to be considered in the solution of this problem are, first, the need for contraction as well as expansion; second, the amount of circulation should be adjusted to the volume of trade; finally, there should be absolute security for every note issued. I may have personally a partiality for notes based upon negotiable paper and the liquid assets of banks rather than upon bonds or other permanent securities, but, whichever method you have, be sure that the note will be a good one, so that no man when he rises in the morning and reads in the newspapers that a certain bank has failed need fumble through his pocketbook to see whether he has any bills of that bank.

There are numerous obstacles to a reform in our currency. In the first place, there is no other field in which the visionary or the crank has such an opportunity as in questions pertaining to money and finance. Secretary Windom remarked to me twenty years ago: "There are a great many men scattered through the country, sitting on dry goods boxes, who may not be able to manage their own business affairs, but who are convinced that they could manage the Federal treasury a great deal better than it is now being managed." Again, there are a great many selfish interests which come to the front when there is any attempt toward judicious reform. Senator Sherman once said he never had taken part in the passage of any financial measure with which he was entirely satisfied. It was always necessary to make concessions to some one to get the bill passed.

Another difficulty is that for the last fifty years or more there has been a demand that the Government pursue a policy which would result in high prices for crops and at the same time low prices for what we buy

—that is, the Government is expected to make high prices for the seller and low prices for the consumer. I do not know how any system of currency or banking can perform this miracle. People have come, however, to associate a plentiful supply of money with good times. The issue of greenbacks was accompanied by great prosperity and a period of industrial reawakening throughout the country, and from that day to this people have thought that they were more prosperous when there was a large supply of money in circulation. But in any judicious system there must be provision for contraction as well as for expansion, and this has been exceedingly difficult to obtain in the face of adverse public opinion.

Perhaps you may not have realized that in the last fifty years, whenever laws relating to currency were passed, the providing of a good system was never the main object. In 1862, when the greenbacks were issued, it was not to provide a good monetary supply, but to save the very life of the Government in the midst of a rebellion. Then a year or two later came the national banks. The main object in establishing them was not to obtain a perfect monetary system, but to supersede the variety of issues of the State banks, and, in addition, to aid the sale of the bonds of the Government. Then we come to the silver acts of 1878 and 1890. They were passed not for the purpose of providing us with good currency, but in response to the demands of those who were shouting for more money—some of whom doubtless were anxious to pay their debts in a depreciated medium —and of those who were interested in silver mines and desired to sell their output to the Government.

As good citizens we should appreciate rightly all these difficulties and conflicting interests, my fellow citizens, and undertake this problem of currency reform with an eye single to the prosperity of the country, resolved to place our monetary system on a par with the very best systems of other great nations.

Theodore E. Burton

CHAPTER I

Public Credit

Report of Alexander Hamilton, Secretary of the Treasury, on Public Credit—Debate on the Report: Shall Discrimination Be Made in Favor of Original Holders of National Obligations and against Purchasers of the Same?—Proposition of James Madison [Va.] in Favor of Original Holders—It Is Voted Down after Debate—Speeches in the Debate: in Favor of the Proposition, by James Jackson [Ga.]; Against It, by Elias Boudinot [N. J.]—Debate on the Assumption of State Debts by the Federal Government; Speeches in the Debate by Theodore Sedgwick [Mass.] and Fisher Ames [Mass.]; The Debts Are Assumed—Motion of Thomas Fitzsimons [Pa.] That the Secretary of the Treasury Report a Plan for the Redemption of the Public Debt—Debate on Whether or Not This Is a Proper Ministerial Function: in Favor, William Vans Murray [Md.] and Mr. Ames; Opposed, John Francis Mercer [Md.] and Mr. Madison—Resolutions of William B. Giles [Va.] against Hamilton—They Are Defeated—Hamilton's Report on Redeeming the Public Debt—Debate: in Favor of the Plan, Mr. Ames and Mr. Sedgwick; Opposed to It, Mr. Madison.

At the opening of the second session of the First Congress President Washington especially recommended that provision be made for the support of the public credit, which had been the chief reason for the formation of the new Government.

The report of Alexander Hamilton, Secretary of the Treasury, respecting public credit, was submitted to the House on January 15, 1790. It showed that the public debt was more than $54,000,000. The foreign debt, due chiefly to France and Holland, with interest, was about $13,250,000; the domestic liquidated debt, with interest, was more than $40,000,000, and the unliquidated, $2,000,000.

The Secretary recommended the assumption of the debts of the several States to be paid equally with those of the Union, as "a measure of sound policy and substan-

tial justice." These were estimated at twenty-five millions of dollars. Doubts were expressed by the Secretary whether, in addition to all other expenses, it was in the power of the United States to make a secure and effectual provision for the payment of the interest of so large a sum on the terms of the original contracts. He therefore submitted to the House several plans for the modification, security, and payment of the domestic debt.

One proposition was to lower the rate of interest on the whole debt, another to postpone the payment of the interest on a portion of the principal to a distant day. No new modification, however, was to be made without the assent of the creditors.

This important subject was under the consideration of Congress until the 4th of August, 1790, when a law was passed, making a new loan of the whole of the domestic debt.

By the same act Congress assumed twenty-one millions and a half of the State debts; and this sum was apportioned among the States, having regard to the amount of the debts of each. The sum thus assumed was also to be lent to the United States by individuals holding certain evidences of State debts.

Says Timothy Pitkin in his "Political History of the United States":

Congress was much divided as to the mode and manner of providing for the security and payment of so large a debt, deemed of little value under the old Confederation, and particularly on the question of assuming the payment of the State debts. Unfortunately the public debt had become an object of extensive speculation. That some provision would be made for the payment of this debt, under the new Government, was the general expectation, and the propriety of making a discrimination between the original holders and the purchasers had been suggested in private circles as well as in the public newspapers. The idea of making such a discrimination was opposed by Secretary Hamilton as unjust, impolitic, and ruinous to public credit.

In an early stage of the proceedings on his report this question was submitted to the House of Representatives. James Madison [Va.] proposed that the purchasers should receive the highest average price at which the debt had been sold, and the original holders the residue, both to have interest at six per cent. The Government was to have no advantage from this arrangement.

In favor of the proposition it was, among other things, urged that the case was in many respects so extraordinary that the usual maxims were not strictly applicable. The debt originally contracted, it was said, was to be paid in gold and silver, but, instead of this, paper had been substituted, which the creditors were compelled to take. This paper they had parted with, either from necessity or a well-grounded distrust of the public. In either case they had been injured, and suffered loss from the default of the debtor, and in justice the debtor ought not to take advantage of this default. The original debt had never been discharged, because the paper had been forced upon the creditors. A composition, therefore, between the purchasers and the original holders, by allowing the former an average price at which the debt had been sold and paying the latter the residue, would do equal justice to both. In opposition to the measure it was said in the first place that the discrimination proposed was a violation of the original contract on the part of the public. That, by the terms of the certificates given to the original creditors, the debt was made payable to assignees or to bearer; and, of course, the contract was made with the purchaser as well as with the original holder. That it was impossible for Government to examine into the private transactions between the original creditor and his assignee. The debt had been purchased at the market price, and the creditor had parted with his security for what he deemed an equivalent; and, however unfortunate might be the situation of some, who from necessity had been obliged to part with their securities, redress could not be afforded them in the manner contemplated. In most instances the purchaser had placed greater confidence in the Government than the original

holder, and had run the risk of eventual payment, which, but for a change in the Federal Government, would perhaps never have been made.

The impolicy of the measure was also strongly urged as tending greatly to impair, if not totally destroy, public credit hereafter.

The interest of individuals, as well as the community, required that a public debt should be transferable; and its value in market would depend on a variety of circumstances. If Government should thus interfere, in case of transfers, all confidence in public engagements would be destroyed. It was likewise said that great injustice would be done in carrying the plan into effect in the manner proposed. That many of the original certificates were issued to persons who, in fact, had no interest in them, being for the benefit of others to whom, for various considerations, they were to transfer the same. That the immediate purchasers had, in many instances, suffered as much as or more than the original holders, and that no provision was proposed for them. The proposition was voted down by a large majority.

The following speeches, by James Jackson of Georgia and Elias Boudinot of New Jersey, are presented as typical of the debate. They bear upon the general subject of partial repudiation of the public debt as justified by an unfair advantage obtained by those speculating in the debt.

Speculation and Repudiation

House of Representatives, January 28, 1790

Mr. Jackson.—I know, sir, that there are, and will be, speculations in the funds of every nation possessed of public debt; but they are not such as the present report has given rise to, by the advantage those at the seat of government obtained of learning the plan contemplated by the principal of the Treasury Department, before others had heard a word thereof. If we had either received this report privately, or not sat in a large city, then, sir, none of these speculations would have arisen, because Congress could have devised means of diffusing the information so generally as to prevent any of its ill effects. Under these impressions, I am led to express my ardent wish to God that we had been on the banks of the Susquehanna or Potomac, or at any place in the woods, and out of the neighborhood of a populous city; all my unsuspecting fellow citizens might then have been warned of their danger and guarded themselves against the machinations of the speculators. To some gentlemen characters of this kind may appear to be of utility; but I, sir, view them in a different light; they are as rapacious wolves seeking whom they may devour, and preying upon the misfortunes of their fellow men, taking an undue advantage of their necessities.

Look at the gallant veteran, who nobly led your martial bands in the hour of extreme danger, whose patriotic soul acknowledged no other principle than that his life was the property of his country, and who evinced it by his repeated exposures to a vengeful enemy. See him deprived of those limbs which he sacrificed in your service! And behold his virtuous and tender wife sustaining him and his children in a wilderness, lonely, exposed to the arms of savages, where he and his family have been driven by this useful class of citizens, these speculators, who have drained from him the pittance which a grateful country had afforded him, in reward for his bravery and toils, and a long catalogue of merits. Nor is their insatiable avarice yet satisfied, while there remains a single class of citizens who retain the evidence of their demands upon the public; the State debts are to become an object for them to prey upon, until other citizens are driven into scenes of equal distress. Is it not the duty of the House to check this spirit of devastation? It most assuredly is. If, by the ill-timed promulgation of this report, we have laid the foundation for the calamity, ought we not to counteract it?

Jackson was replied to by a man of equally generous impulses but of calmer judgment, the wise and kindly Elias Boudinot, ex-President of Congress, and philanthropist.

Mr. Boudinot.—I would be sorry if, on this occasion, the House should decide that speculations in the funds are violations of either the moral or political law. A government hardly exists in which such speculation is disallowed; but it must, at the same time, be admitted that everything of this kind has proper bounds, which may be too small or too great. If you will not permit your creditor to transfer his debt, you deprive the com-

monwealth of a great part of her credit and capital; on the other hand, if speculation is carried on to such a degree as to divert the funds of productive labor into the pursuit of visionary objects, or destroy them, the community clearly loses the use of so much of its capital, which is a considerable evil. I agree with gentlemen that the spirit of speculation has now risen to an alarming height; but the only way to prevent its future effect is to give the public funds a degree of stability as soon as possible.

We should pay an ill compliment to the understanding and honor of every true American were we to adduce many arguments to show the baseness or bad policy of violating our national faith or omitting to pursue the measures necessary to preserve it. A bankrupt, faithless Republic would be a novelty in the political world, and appear, among reputable nations, like a common prostitute among chaste and respectable matrons.

I conceive, Mr. Chairman, after duly considering the momentous circumstances I have brought to your attention, there is no man possessed of the principles of common honesty, within the sound of my voice, that will hesitate to conclude with me that we are bound by every principle of honor, justice, and policy to fund the debt of the United States, which has been one great means, under heaven, of securing to us our independence. I presume, sir, on this point we shall have no dispute. All that remains, then, for our consideration is the manner and means of accomplishing it.

We must view it as a debt of honor, from the nature of the contract, from the objects effected, and the happy state we are now in. The principles of interest call loudly upon us to complete the business so happily begun. The Secretary, in the report before us, observes, with great justice, that exigencies are to be expected to occur in the affairs of nations, in which there will be a necessity for borrowing, and particularly in a country like this, possessed of little moneyed capital. How much, then, is it our interest to secure our public credit on a stable and sure foundation? Besides this, it is our interest in another point of view; by this means we shall introduce a medium into circulation which will give a spring to the agriculture, commerce, and manufactures of the Union.

Our policy also guides us into the adoption of some such measure as is proposed in the report. A punctual performance of our public engagements will invite moneyed men, in the days of distress, to lend us every pecuniary aid. Our debt undoubtedly is large; but not so large as might have been reasonably

expected, considering the magnitude of the object we have successfully accomplished; but it can by no means be considered so large as to prevent us from an attempt to discharge it.

Let us then adopt the motion now on your table, or something like it; not, perhaps, immediately, because it might be supposed to preclude that discussion which the subject requires, as the most important that has or can come before us.

Assumption of State Debts[1]

House of Representatives, February 15–May 28, 1790

The assumption of the State debts, however, was a subject which gave rise to more serious debate, and created divisions both in and out of Congress, the effects of which were long felt in the administration of the general Government.

The debts of the several States were very unequal. Those of Massachusetts and South Carolina amounted to more than ten millions and a half, while the debts of all the other States were only estimated at between fourteen and fifteen millions. The first proposition on this subject in the House of Representatives was to assume the whole of these debts. This was at first adopted, in committee of the whole, by a small majority. Afterward, when the members from North Carolina took their seats, the subject was recommitted, and negatived by a majority of two—31 to 29. Propositions were afterward made to assume specific sums from each, but were negatived. These various propositions occasioned long and violent debates among the members from different States, and led to an inquiry into the origin of the State debts and to a comparative view of the different exertions and expenses of the States themselves in their struggle for independence. The assumption of specific sums from each was finally carried in the Senate, by a majority of two, and was concurred in by the House by a majority of six.

Those in favor of the assumption contended that it was a measure of *justice* as well as *policy*. That it was

[1] Abridged from Timothy Pitkin's "Political History of the United States."

just in respect to the creditors themselves, as well as to the States. These debts, it was said, were incurred for services rendered, supplies furnished, or loans made, not for the particular benefit of the individual States, but for the benefit of the Union, for the common cause in which all were embarked. Justice, therefore, required that the persons to whom they were due should be placed on the same footing with those who had a direct claim on the United States; and that both should be paid out of a common fund. That, although some States might be able to provide ample funds for the payment of their debts, yet others, destitute of like resources, burdened with a larger debt, occasioned, perhaps, by greater exertions in the common cause, might be unable to make adequate provision. One class of creditors, therefore, who happened to live in a large State, abounding in wealth and resources, and, perhaps, with a comparatively small debt, might be paid in full, while another, equally meritorious, living in a small State, having a larger debt and destitute of resources, might receive little or nothing. It would be just in respect to the States, as in this way each would bear its proportion of the expenses incurred for one common object. It was to be considered also, it was said, that no inconsiderable proportion of the State debts were incurred at a time when the United States had little or no credit. It was also strongly contended that, as the Constitution had transferred to Congress the principal funds on which the States had relied for payment of their debts, it was just that the debts should follow the funds.

The policy of the measure, its advocates said, was not less apparent than its justice.

A provision for these debts by the States themselves would necessarily create an interference between the general and State Governments in their revenue systems highly injurious, if not ruinous, to both. The United States having the *exclusive* power to lay imposts, most of the States must have recourse to excises and direct taxes. These, it was said, must be very unequal in different States in consequence of the inequality of their debts. Great burdens, therefore, would be thrown on

those States whose exertions had been greatest in the common cause, and jealousies and dissatisfaction must be the necessary consequence. In those States where recourse was had to direct taxes a greater burden would be thrown on the landed interest, and this would produce emigration to other States less oppressed with taxes of this description. Where resort was had to excises, which would be laid on foreign as well as domestic articles, greater inducements would be held out to smuggling, materially affecting the revenue of the United States. In addition to this, commercial advantages might be greater in some States than in others, and a transfer of capital from one State to another be thereby encouraged. The collection of the same amount of taxes, it was said, might be made with less expense under the direction of one government than under several; and, by having the general management of the revenues of the country in their hands, the National Legislature would be enabled more fully to promote domestic industry and improvement throughout every part of the union.

In the course of the debates on this interesting question it was stated by the advocates of the assumption that a difference in the amount of State debts did not arise solely from a difference in exertions during the war, but that the debts of some States were lessened by the avails of confiscated property and from territorial acquisitions. And it was asked: whether those by whose offences a confiscation of property had been incurred had not offended against United America and not merely against that State where the offence was committed, and which alone received the benefit of the confiscation? And whether the acquisition of territory was not owing to the exertions of the national force, under national direction?

The opponents of the measure were not less decided in opinion that it was both *unjust* and *impolitic*, whether it went to a general or a partial assumption.

They denied that the State debts should be considered, in any way, the debts of the Union, or that the United States were under obligations to discharge any part of them, except the balance which, on a final settlement,

should be found due to particular States. If they were the debts of the United States, in the hands of individuals, it was asked whether they were not equally so when in the State treasuries; whether the United States were not equally bound to provide for them in both situations. Before the adoption of the Constitution, it was said, they had never been so considered. They contended, also, that, not being the debts of the Union, Congress were not warranted by the Constitution in assuming the payment of them.

As to the policy of the measure, its opponents said, among other things, if a public debt was a public evil the assumption would increase and perpetuate the evil; that the United States and the individual States together could discharge a debt of eighty millions much sooner than the United States alone; that, after the general Government had resorted to all the means of revenue in its power, the individual States would have other financial resources still remaining. It was also particularly urged that each State could raise money in a way most convenient for itself and to which it had been accustomed. Some of the States, they said, were hostile to excises, others to direct taxes, and no general system of internal taxation could be established which was adapted to the circumstances of each State, or which would give general satisfaction.

Some of the States had, by their exertions, paid a greater proportion of their debts than others, and it would be unjust, they alleged, to compel them to contribute to the payment of the debts of delinquent States. In answer to the suggestion that, unless the measure should be carried, great dissatisfaction would exist in some of the States, it was said that much greater dissatisfaction would follow from its adoption. A majority of the people of the United States, it was believed, was opposed to it, and the discordant interests as well as jealousies among the States, now too much felt, would be thereby greatly increased.

The opposers of the assumption also stated that the adoption of the measure would render State creditors

more dependent on the general Government; that it would greatly lessen the influence and importance of the States, and tend to consolidate the Union. The debts of Massachusetts, South Carolina, and Connecticut, as reported by the Secretary, amounted to about one-half of those of all the others. These States, therefore, felt a deep interest in the question. The legislature of South Carolina, in January, 1790, instructed their Representative in Congress to solicit the National Legislature to assume their debt, "it having been incurred," as they said, "in consequence of the war between the United States and Great Britain."

In the course of the debate Theodore Sedgwick, of Massachusetts, declared that Shay's Rebellion, which had then just taken place in Massachusetts, was occasioned by the burden of taxes necessarily imposed on the people of that State to pay a debt incurred merely for national purposes. Fisher Ames, of the same State, in his usual strain of eloquence asked, "but were the State debts contracted for the war? It appears by the books in the public offices that they were. Will anyone say that the whole expense of defending our common liberty ought not to be a common charge? Part of this charge was contracted by Massachusetts before Congress assumed the exercise of its powers. The first ammunition that repulsed the enemy at Lexington and made such havoc at Bunker Hill was purchased by the State and appears in the form of the State debt." The States of Virginia, North Carolina, and Georgia were most strenuous in their opposition.

This interesting question was finally decided in the Senate, 14 to 12. In this body the States of Massachusetts, Connecticut, New York, New Jersey, and South Carolina were unanimously in the affirmative; Rhode Island, Virginia, North Carolina, and Georgia, with equal unanimity in the negative, and Pennsylvania, Delaware, and Maryland divided.

In February, 1791, an act was passed for the establishment of a national bank [see chapter II.].

On November 19, 1792, Thomas Fitzsimons [Pa.] in-

troduced a resolution in the House, directing the Secretary of the Treasury to report a plan for the redemption of the public debt. This resolution was opposed by John F. Mercer [Md.] and Mr. Madison, and supported by William Vans Murray [Md.] and Mr. Ames.

On Ministerial Functions

House of Representatives, November 19-21, 1792

Mr. Mercer.—No question, he conceived, was of more importance than that involved in the motion before the House. He conceived it improper to commit to any man what he was bound himself to do. He conceived the power of the House to originate plans of finance, to lay new burdens on the people intrusted to them by their constituents, as incommunicable.

Mr. Madison drew a distinction between the deliberative functions of the House and the ministerial functions of the Executive powers. The deliberative functions, he conceived, should be first exercised before the ministerial began to act. It should be decided by the House, in the first instance, he conceived, whether the debt should be reduced by imposing new taxes, or by varying the burdens, or by new loans. The fundamental principles of any measure, he was of opinion, should be decided in the House, perhaps even before a reference to a select committee. He did not pretend to determine whether the motion now before the House might not involve a reference of a ministerial nature merely. But he well knew, he said, that the act establishing the Treasury Department had been so construed as to give it a greater latitude than was contemplated when the law passed, much against the opinion of a great portion of the people. In the infancy of our Government that latitude perhaps might be necessary; but he saw no necessity for it at present.

Mr. Murray conceived that the distinction drawn by the gentleman from Virginia [Mr. Madison] between deliberative and ministerial functions was qualified by the nature of things. It is qualified, he said, in this instance, by the law which establishes the Treasury Department. That law makes it the duty of the Secretary to digest and report plans to ameliorate our finances, without any call from the House. True, the business of the House is to deliberate; but, by reference, neither is the power of the House to deliberate infringed, nor does it give the Secretary a right legislatively to deliberate, but to deliberate

ministerially; and it was important, he conceived, in a government framed like ours, that such officers should have the power to deliberate in that manner. The result of their deliberations was not obligatory on the House, no further than it was warranted by wisdom.

Mr. Mercer.—The House may require from the heads of departments the exposition of the documents and information that arise in the administration of government. But I want no *opinions* from them. If these are to influence us, they are wrong; if not to influence, they are useless. This mode of procedure, of *originating* laws with the Secretary, destroys the responsibility; it throws it on a man not elected by the people, and over whom they have no control.

Mr. Ames.—What is the clause of the Constitution opposed to the receiving a plan of a sinking fund from the Secretary? Bills for raising revenue shall originate in this House. I verily believe the members of this House, and the citizens at large, would be very much surprised to hear this clause of the Constitution formally and gravely stated as repugnant to the reference to the Treasury Department for a plan, if they and we had not been long used to hear it.

To determine the force of this amazing constitutional objection, it will be sufficient to define terms.

What is a bill? It is a term of technical import, and surely it cannot need a definition; it is an act of an inchoate state, having the form but not the authority of the law.

What is originating a bill? Our rules decide it. Every bill shall be introduced by a motion for leave, or by a committee.

The opposers of this proposition surely will not adopt a construction of the Constitution. They have often told us we are to be guided by a strict adherence to the letter; that there is no end to the danger of constructions.

The letter is not repugnant; and will it be seriously affirmed that, according to the spirit and natural meaning of the Constitution, the report of the Secretary will be a revenue bill, or any other bill, and that this proposition is originating such a bill? If it be, where shall we stop? If the idea of such a measure, which first passes through the mind, be confounded with the measure subsequent to it, what confusion will ensue? The President, by suggesting the proposition, may as well be pretended to originate a revenue bill; even a newspaper plan would be a breach of the exclusive privilege of this House, and the liberty of the press, so justly dear to us, would be found unconstitutional. Yet if, without any order of the House, the draft of an

act were printed, and a copy laid before every member in his seat, no person will venture to say that it is a bill—that it is originated, or can be brought under cognizance of the House, unless by a motion.

I rely upon it that neither the letter of the Constitution, nor any meaning that it can be tortured into, will support the objection which has so often been urged with solemn emphasis and persevering zeal.

We may repeat it, what color is there for saying that the Secretary *legislates?* Neither my memory nor my understanding can discern any. I am well aware that no topic is better calculated to make popular impressions; but I cannot persuade myself that they will charge us with neglect or violation of duty, for putting ourselves into a situation to discharge it in the best and most circumspect manner.

MR. MADISON.—I insisted that a reference to the Secretary of the Treasury on subjects of loans, taxes, and provisions for loans, etc., was in fact a delegation of the authority of the legislature, although it would admit of much sophistical argument to the contrary.

The funding system generally, the assumption of the State debts, the national bank, and duties on domestic spirits had already been made objects of the most severe attack, and the Secretary of the Treasury, who was considered as the author of them, had become very unpopular in some parts of the Union.

The difference between the heads of the departments of State and Treasury on some important questions which had been agitated in the Cabinet was well known and felt in Congress and elsewhere. Thomas Jefferson was considered by the Federalists as hostile to the Constitution, and was accused of being opposed to the Administration of which he was a member, and of taking measures to reduce the powers of the general Government within too narrow limits. By the anti-Federalists, on the other hand, Alexander Hamilton was viewed not only as the author of the funding system, the national bank, and other measures deemed either unconstitutional or highly injurious to the public interest, but was also charged with hostility to republican principles and State rights.

GILES'S RESOLUTION AGAINST HAMILTON

During this session an inquiry was instituted in the House of Representatives into the official conduct of the Secretary of the Treasury. This was commenced by William B. Giles [Va.]—who was instigated, it is thought, by Madison—by calling for information from the President and Secretary relative to loans negotiated in pursuance of the acts of 1790, and the management and application of these loans, as well as the application and management of the revenue generally. The resolutions introduced for the purpose of obtaining this information were adopted by the House. The object of the mover was disclosed in his remarks in support of them at the end of which he said: "Candor, however, induces me to acknowledge that impressions resulting from my inquiries into this subject have been made upon my mind by no means favorable to the arrangements made by the gentleman at the head of the Treasury Department."

The report of the Secretary, in answer to this call for information, evinced that his pride was not a little wounded by the remarks of Mr. Giles. "The resolutions," he said, "to which I am to answer were not moved without a pretty copious display of the reasons on which they were founded. These reasons are of a nature to excite attention, to beget alarm, to inspire doubts.

"Deductions of a very extraordinary complexion may, without forcing the sense, be drawn from them. I feel it incumbent upon me to meet the suggestions which have been thrown out with decision and explicitness."

Having endeavored to show the fallacy of the statements made by the mover of the resolutions, in conclusion he observed: "Thus have I not only furnished a just and affirmative view of the real situation of the public accounts, but have likewise shown, I trust, in a conspicuous manner, fallacies enough in the statements from which the inference of an unaccounted for balance is drawn to evince that it is one tissue of error."

Soon after this report was made Mr. Giles submitted

to the House several resolutions containing charges against the Secretary. The subject of them was that he had failed to give Congress information, in due time, of moneys drawn from Europe; that he had violated the law of the 4th of August, 1790, by an unauthorized application of money borrowed under it; that he had drawn part of the money into the United States without any instructions from the President; that he had exceeded his authority in making loans under the acts; that, without instructions from the President, he had drawn more of the money borrowed in Holland than he was authorized by those acts, and that he had been guilty of indecorum to the House in undertaking to judge its motives in calling for information. The charges contained in these resolutions being considered either frivolous or unsupported, the resolutions themselves were negatived by large majorities. In the spring of 1794 Giles again brought forward his charges against Hamilton, moving for an investigation into his official conduct. An investigating committee was appointed, of which Giles was made chairman. It completely exonerated Hamilton.

HAMILTON'S REPORT ON PUBLIC CREDIT

On January 15, 1795, the Secretary of the Treasury submitted a plan to Congress for the redemption of the public debt.

The subject of making provision for the redemption of the public debt in accordance with the recommendation of the President in his message occasioned much debate as well as great division in the House of Representatives.

It was a favorite measure with the Secretary of the Treasury as well as with the President. The former, on the 15th of January, 1795, submitted to Congress a plan for this purpose, drawn with his usual ability.

The Secretary proposed an increase of the sinking fund by adding to it duties on imports and tonnage, on spirits distilled within the United States, and on stills, the avails of the sales of the public lands, the dividends

on bank stock belonging to the United States, and the interest of the money which should be redeemed, together with all moneys which should be received from debts due to the United States antecedent to the Constitution, and all surpluses of the amount of revenues which should remain at the end of every calendar year beyond the amount of appropriations charged upon them, and which, during the session of Congress commencing next thereafter, should not be especially appropriated. This fund was to be applied to the payment of the six per cent. and deferred stock, according to the right reserved to the United States, that is, to the payment of eight per cent. on account of the principal and interest; and was to continue until the whole should be paid and redeemed; and, after such redemption, the same fund was to continue appropriated until the residue of the debt of the United States, foreign and domestic, funded and unfunded, should be redeemed and discharged. The faith of the United States was to be firmly pledged to the creditors for the inviolable application of this fund to the payment of the debts until the same should be fully completed; and for this purpose the fund was to be vested in the commissioners of the sinking fund as *"property in trust."*

The importance of this measure for the purpose of preventing the evils arising from a great accumulation of debt was pressed upon Congress by the Secretary in a manner calculated to produce conviction.

"There is no sentiment which can better deserve the serious attention of the legislature of a country than the one expressed in the speech of the President, which indicates the danger to every government from the progressive accumulation of debt. A tendency to it is perhaps *the natural disease* of all governments; and it is not easy to conceive anything more likely than this to lead to great and convulsive revolutions of empires. On the one hand, the exigencies of a nation creating new causes of expenditure, as well from its own, as from the ambition, rapacity, injustice, intemperance, and folly of other nations, proceed in increasing and rapid succession. On the other, there is a general propensity in those who administer the affairs of

government, founded in the constitution of man, to shift off the burden from the present to a future day; a propensity which may be expected to be strong in proportion as the form of the state is popular."

The difficulties arising from this propensity in a republican government, as well as the inconsistency of those who, to obtain popularity, will loudly declaim against the accumulation of debt, and in favor of its reduction as *abstract questions;* and yet, from the same motives, will as loudly declaim against the very means which can alone prevent the one and effect the other, were stated by the Secretary with great perspicuity.

"To extinguish a debt which exists, and to avoid contracting more, are ideas almost always favored by public feeling and opinion, but to pay taxes for the one or the other purpose, which are the only means to avoid the evil, is always more or less unpopular. These contradictions are in human nature. And the lot of a country would be enviable indeed in which there were not always men ready to turn them to the account of their own popularity, or to some other sinister account. Hence it is no uncommon spectacle to see the same man clamoring for occasions of expense, when they happen to be in unison with the present humor of the community, well or ill directed; declaiming against a public debt, and for the reduction of it; yet vehement against every plan of taxation which is proposed to discharge old debts, or to avoid new, by defraying the expenses of exigencies as they emerge."

Act to Redeem the Public Debt

An act was finally passed on this subject during this session, substantially in accordance with the plan suggested by Secretary Hamilton, though Congress were divided on the question of pledging the internal duties. The funds appropriated for the reimbursement and redemption of the debt were by law *vested* in the commissioners of the sinking fund, *in trust* for that object, and the faith of the United States was pledged that the funds should inviolably so remain appropriated and vested until the whole debt should be paid.

These funds were to be applied to the payment of eight per cent. per annum on account of the principal and interest of the six per cent. deferred stock, and the surplus to the payment of the other debts, foreign and domestic. In pursuance of this compact with the public creditors the six per cent. stock was fully paid in the year 1818 and the deferred stock in 1824.

The total amount of the unredeemed debt of the United States (including the assumed debt) in 1795 was $76,096,468.17.

The chief supporters of Hamilton's plan were Fisher Ames [Mass.] and Theodore Sedgwick [Mass.]; the chief opponent was James Madison [Va.], who particularly objected to pledging the internal duties.

Redemption of the Public Debt

House of Representatives, December 23, 1794-March 2, 1795

Mr. Ames.—I am one of those who believe a nation ought to cherish public credit, for the same reason that it ought to have strength; for, in critical situations, credit is strength, and the want of it may happen to be not only weakness, but subjugation and ruin. And it is my belief that, although it may answer for a time to pay the interest, and neglect the principal, yet, at last, and in the course of affairs, it will appear that a nation which neglects to pay its debts will have no credit. That would be the case with an individual. Besides, if we neglect the interval of peace and prosperity to pay off, lessen, and, if possible, to extinguish the debt, we cannot expect, for any length of time, to avoid the occasion of adding to it. We have had eleven years of peace, one-half of which term, for want of a government, our debt was augmenting at least twelve or fifteen millions of dollars. It has been funded four years nearly, and less than three millions are yet paid off. Are we to hope for peace always? A blessing so great has been hitherto denied, perhaps in benevolence as well as wisdom, to the prayers of devotion and the tears of philanthropy, and, from all we know of the nature and history of man, we have reason to believe, if not to desire, that war will sometimes fall to the lot of a nation. Peace is the time to prepare for it, by extinguishing the burdens of the last war, by exhibiting, as a basis of present exultation, and, as a ground of future confidence and credit, the novel

spectacle of a great nation which has freed itself from debt.

It is true the opposers of the resolution are not bound to adopt the plan nor to continue these very duties, but they are bound by more than common sanctions to go even beyond the description of persons whom they have accused, in some plan, and to provide other taxes. No puny operation, no halfway measures will do. They stand pledged for some strong system, some efficient funds to bring into activity at least all the present revenue faculties of the country.

That bugbear, the irredeemable quality, so artificially conjured up to terrify the country, opposes no obstacle to the redemption of all this great amount—a mass of debt far exceeding the most extravagant conjectures of the product of the revenue for many years to come. And here let me observe, the argument almost solely opposed to the resolution is this: We have revenue enough, without the temporary taxes. Let it be allowed that we have, for argument's sake, what follows? That we have too much revenue with the temporary taxes. Will our money rust in the treasury chest for want of debt to employ it upon? Shall we not make greater progress with all the present taxes than with only a part of them? Is it a time to refuse the aid of these temporary taxes when we are finding out a new way for employing the product? Shall we, with any color of wisdom, go on at the same instant to extend our expenses and to diminish the income of the taxes? The argument that these taxes are not wanted is utterly hostile to the professions we make of paying off the public burdens as fast as possible. If the statement to support this reasoning is true, it is not so much an objection as an encouragement to our progress in the plan, as it proves, by the documents adduced on one side, that the other has under-reckoned the calculations of success.

It is objected against the resolution that fluctuations of the revenue laws are undesirable. It is true that shifting, unsteady laws are a public evil, and they are always felt as such by the dealers in the taxed articles. The first effect of a tax is a little to stagnate and derange the business of the dealers, but soon the current finds its way again, and the tax becomes a part of the price, a part of the settled order of things, which a hasty repeal would derange anew. This argument, it is said, requires that all resource laws should be permanent. Where there is a permanent occasion for taxes, and the proper objects of taxation are known to be selected, the fluctuation of the revenue laws would be an evil, and therefore it would be proper to make them permanent. But when the call for taxes is tem-

porary, or the mode of collection untried, the limitation of the bill to a short period may be no less proper.

Continuation of these taxes, it is said, will destroy manufacture of the commodities. If we regard the experience of other nations, we shall not find cause to dread the destruction of manufactures in consequence of taxes. Is England exempted from taxes, and yet where do manufactures flourish more? The truth is, in an increasing, thriving society, taxes are absorbed, and distributed over the whole mass of the community. No problem has been oftener debated than where the taxes ultimately fall, and yet experience has invariably refuted the gloomy anticipations of interested theory. The language that infant manufactures are not to be crushed is more declamatory than correct. They are not to be crushed; nor will the manufactures of snuff and loaf sugar fall, if the operation of the tax should be like that of other taxes, or of similar taxes in other countries.

A great object is before us, and if, after all, its attainment shall appear to be obstructed by much seeming and some real difficulty and embarrassment, still we owe it to our country, as well as to our own engagements, to proceed. Let us endeavor to overcome the prejudices of the over-apprehensive, and to conciliate the interests of the manufacturers with those of the public. In our other taxes we suppose it is done, and why should it be despaired of in this case? Greater difficulties than any that a calm and unprejudiced mind will discern in the plan before us ought to be expected, and readily acquiesced in, rather than to abandon the great object of freeing the nation from debt. It is worth some exertion and sacrifice. If we should effect it, any hopes of the destinies of our Government would brighten. There is nothing in the magnitude of the debt to discourage us, and still less in the prosperous circumstances and good dispositions of our citizens. It depends on ourselves whether we realize their expectations by acting in conformity with our own professions.

Mr. Madison.—Permanent taxes such as on property should be applied to permanent purposes, such as reducing the public debt, and temporary taxes, such as on manufactures, to temporary objects, such as the military establishment. If excises were to be preferred in reducing the public debt, it was in vain to hope they could be limited to a few trifling subjects, such as manufactured snuff and sugar. They must be extended to all the manufactures. The whole country would be covered in fact with excises. Every manufactory must be made to contribute, and even then it would not be possible to draw forth as much

revenue as would be paid in the other mode. He was aware that objections and prejudices existed against a tax laid on property. He regretted that such a difference of opinion prevailed, not only in Congress, but in different parts of the Union, on this subject. He was persuaded, nevertheless, that a tax on property was not only a more economical, and in every respect a more eligible resource, than a general system of excises, yielding the same amount of revenue, but that, on the whole, a majority of the people of America would be found less averse to it. He could speak with confidence on this point, as far as his own communications extended. Much, he thought, of the dislike to a tax on property might be removed by taking different objects in different States, as might be most convenient or acceptable to them.

This was perfectly consistent with the Constitution, which did not require uniformity in this instance. In some States a tax on land, in others a tax on other articles of property, or partly on land and partly on other articles, might be most satisfactory; and the tax laws of the States would always assist in digesting the regulations for the purpose. He supposed that if this course should be taken a million or even two millions of dollars or more could be raised in a year, and that the people would be willing to make such an exertion, rather than be saddled with a permanent debt; whereas he did not believe that an excise system, if extended to every article manufactured in the country, could be made to produce anything like such a sum.

All that was aimed at at this time with respect to the debt would be attained by allotting the temporary part of the revenue to temporary purposes.

Mr. Sedgwick.—Now is the time to reduce our public debt. When we compare our own debt with the more enormous ones of some other countries, we are too apt to console ourselves with its comparative smallness. Yet I would call your attention to the fact that, in the year of 1697, when there were more anxious forebodings of ruin from that source than perhaps at any period since, the debt of Great Britain was comparatively less than ours is now. Had the Government then, in earnest, attempted a reduction, it might have been effectually done, with less annual revenue than is now required, in time of peace, for their ordinary expenditure.

Whenever a provision for the public credit shall be beyond the public faculties, confusion and ruin must be the consequence. That cause has destroyed the strongest government in Europe. This we all hope will prove a blessing. The same

event here would blast the best hopes of the lovers of mankind.

Among all the causes which have operated to prevent the reduction of public debts, none has been more influential than that of diverting revenues appropriated to that purpose to other objects. If our appropriations of this kind shall be violated, we may despair of our country being ever discharged of its load of debts. To secure us against this evil, provision must be made, concomitantly with a sinking fund, for the other necessary expenses of government, and also an allowance made for those unforeseen and contingent demands which cannot be computed, but which will always occur. Otherwise we may be assured, unless America is to be exempted from the evils which have afflicted other countries, that our intention, however patriotic, will be defeated by a diversion of our permanent appropriations to temporary purposes. Our legislators may feel interested in the continuance of the debt; they may want energy of character; they may be indolent; they may meanly dread a loss of popularity, from imposing necessary burdens, or all these may combine to form a precedent, which, being once established, we may bid adieu to hope.

I will take the liberty of stating some of the reasons which have struck my mind with the greatest force why we should honestly unite in the attempt to reduce the public debt.

1. A debt, as an embarrassment to the faculties of a country, is an evil. To this there are, at some times, and in some countries, causes which counteract this evil, perhaps, in some instances, overbalance it; but I am confident those causes do not here operate to an extent which should induce us, for a moment, to suspend our efforts to reduce the debt.

2. A very cogent reason, and one which will influence every true patriot, is that our debt has been made a principal and ostensibly almost the only source of party. No man, then, who wishes a union of councils, a fraternity of sentiments, will seek for plausible reasons to defeat this important measure.

3. The experience of other countries has demonstrated a general disinclination in governments to liberate the pledged funds of the community. Every extraordinary demand accumulates, of course, the debt, and in the end must prove ruinous. It will be vain for us to profess ourselves the friends of republican government, and the admirers of our political institutions, if we are not, by the examples of others, warned against this evil.

4. A great portion of our debt is owned by foreigners, and from the value of capital here, compared with other countries,

we have reason to fear the evil will increase. It must be unnecessary to dwell on the impoverishing effects of a continued drain of specie from the community.

5. The proposed measure will, in my opinion, beyond any expedient which could be devised, tend to fix the market price of our six per cent. stock at par. This would make that species of debt less a subject, and more an instrument of commerce; and instead of acquiring it would supply the place of capital; and it would also enable the Government to employ beneficially our surplus of revenues in purchases in the market.

7. This measure will make us financially independent. Whatever our exigencies may be, we may be compelled to rely on our ordinary resources, without much aid from borrowing; for, from the smallness and value of capital here, we ought not to rely on domestic loans; and the uncertain issue of the troubles in Europe would prove it madness to depend on foreign aid.

CHAPTER II

Constitutionality of a National Bank

[THE FIRST UNITED STATES BANK CHARTER]

Chartering of the First National Bank—Debate: in Favor, Fisher Ames [Mass.]; Opposed, James Madison [Va.]—Expiration of the Bank's Charter—Debate in the Senate on Its Renewal: in Favor, William H. Crawford [Ga.] and John Pope [Ky.]; Opposed, William B. Giles [Va.] and Henry Clay [Ky.]; Charter Is Not Renewed.

UPON the recommendation of Alexander Hamilton, Secretary of the Treasury, Congress, on February 25, 1791, chartered a national bank to aid in the management of the national finances. The preamble of the act declared that:

"The bank will be conducive to the successful conducting of the national finances, give facility to the obtaining of loans for the use of the Government in sudden emergencies, and will also be productive of considerable advantage to trade and industry in general."

The capital stock of the bank was ten millions of dollars, two millions to be subscribed for the benefit of the United States, and the residue by individuals. One-fourth of the sums subscribed by individuals was to be paid in gold and silver, and three-fourths in the public debt. By the act of incorporation it was to be a bank of discount as well as deposit, and its bills, which were payable in gold and silver on demand, were made receivable in all payments to the United States. The bank was located at Philadelphia, with power in the directors to establish offices of discount and deposit only, wherever they should think fit, within the United States.

The duration of the charter was limited to the 4th of March, 1811, and the faith of the United States was

pledged that, during that period, no other bank should be established under their authority. One of the fundamental articles of the incorporation was that no loan should be made to the United States for more than one hundred thousand dollars, or to any particular State for more than fifty thousand, or to any foreign prince or State, unless previously authorized by a law of the United States. The books were opened for subscriptions in July, 1791, and a much larger sum subscribed than was allowed by the charter; and the bank went into successful operation. This measure was not adopted without warm and violent debates.

On the Establishment of a National Bank

House of Representatives, February 2-7, 1791

It was said in opposition, in the first place, that Congress had no power under the Constitution to create this or any other corporation; in the second place, that so large a moneyed institution would, in its effects, be highly injurious to the community.

Its advocates, on the other hand, contended generally that the establishment of an institution of this kind, though not within the express words of the Constitution, was among the incidental powers contemplated by that part of the instrument which enabled Congress to make all laws *necessary* and *proper* for carrying into execution the powers expressly granted.

An institution of this kind, they said, was necessary and proper for the attainment of the important ends contemplated in the Constitution; and that similar establishments, in all well-regulated communities, had been found necessary in the management of their finances and for the attainment of the great ends of civil government. In answer its opponents said that the Constitution was not only silent on the subject, but that no such power was intended to be granted by the framers of that instrument; that, in the general convention, a proposition to give Congress power to create corporations was made and

negatived. It was a power, they said, too important to be assumed by implication; nor could they agree to so broad a construction as was given by the advocates of the measure to the words "*necessary* and *proper*," as used in the Constitution. No means they considered to be *necessary* for the purpose of carrying into execution the *specified powers*, except those without which the powers granted would be *nugatory*, or the ends contemplated *absolutely unattainable*.

The leaders in the debate were James Madison [Va.] and Fisher Ames [Mass.], respectively opposing and advocating the bank.

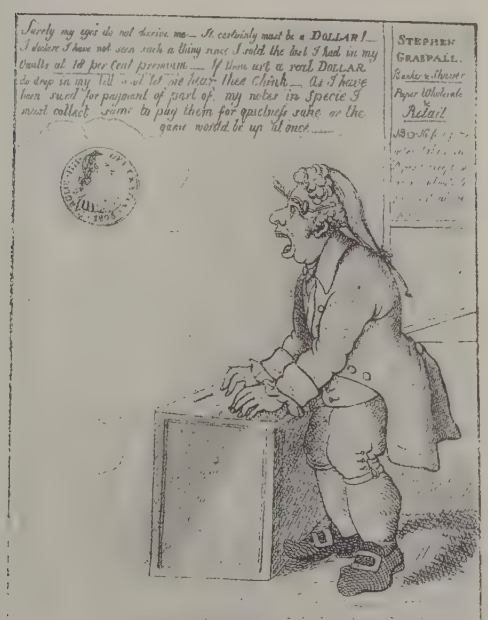
The bill was passed by a vote of 39 to 20. President Washington before approving the bill requested the opinions of the members of his Cabinet, in writing, as to its constitutionality. The Secretary of State [Thomas Jefferson] and Attorney-General [Edmund Randolph] were of the opinion that the bill was unconstitutional, while the Secretaries of the Treasury [Alexander Hamilton] and of War [Henry Knox] were of a different opinion and concurred with the majority in Congress. After mature deliberation the President put his signature to the bill.

Expiration of the National Bank Charter

The charter of the Bank of the United States expiring by law on March 4, 1811, on December 16, 1810, William Findley [Pa.] presented in the House of Representatives a petition from the stockholders of the bank, signed by David Lenox, the president, praying the renewal of its charter. The petition was referred to a select committee, which, on January 4, 1811, reported a bill to renew the act of incorporation. The question came before the House on January 16, and was debated exhaustively until January 24, when, by a vote of 65 to 64, the bill was defeated.

In this debate the constitutional arguments which were advanced developed those which had been presented

when the bank was chartered in 1790. The chief advocate of the bank was a dead man, the great Secretary of the Treasury, Alexander Hamilton, copies of whose pam-


Surely my eyes do not deceive me— It certainly must be a DOLLAR!—
I declare I have not seen such a thing since I sold the last I had in my
Quilts at 10 per Cent premium.— If there was a real DOLLAR
to drop in my Till — oh! let me hear! then think.— As I have
been sued for payment of part of my notes in Specie I
must collect some to pay them for quietness sake or the
game would be up at once.
STEPHEN
GRASPALL.
Banker & Shaver
Paper Wholesale
&
Retail

THE GHOST OF A DOLLAR, OR THE BANKER'S SURPRISE

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phlets, "On the Constitutionality of a National Bank," were distributed among the Representatives by agents of the bank.

The petition for the renewal of the charter was presented in the Senate on December 18, 1810, and referred to a select committee, which in due time presented a bill to renew the act of incorporation. The Senate debated the bill from February 11 to February 20, 1811, when it was defeated by the casting vote of the presiding officer, George Clinton [N. Y.], Vice-President of the United States.

Senator Benton remarks in his "Debates of Congress":

> Thus terminated the existence of the first bank of the United States; but there was a fatal defect in terminating it in not providing a general currency in place of its notes, by reviving the gold currency, and in not creating an independent treasury for keeping the public moneys. Those who terminated the existence of the second bank [in 1834] avoided these errors, and thereby avoided all the evils and embarrassments which followed the termination of the first one.

In the debate in the Senate the chief advocates of the bank were William H. Crawford, of Georgia, and John Pope, of Kentucky; the chief opponents were William B. Giles, of Virginia, and Henry Clay, of Kentucky.

Senator Clay, while joining with the strict construction Republicans in this measure, showed the beginning of his opposition to that party by twitting Senator Giles, its protagonist, upon the contradictions into which he was led by an extreme application of his theory, yet, by his own opposition to the bank, Senator Clay laid a far more substantial basis for the charge of inconsistency against himself, since in 1816 he supported the application for a new charter.[1]

Senator Pope showed his animosity toward his fellow Kentuckian, Senator Clay, by a rather demagogic "insinuendo" (to employ a useful term coined in later years by a Representative from North Carolina) against his colleague, who had been elected to fill a vacancy in the Senate by an opposing faction in the State.

[1] See page 54 ss.

Constitutionality of a National Bank

Senate, February 11-20, 1811

Senator Crawford.—The object of the Constitution was twofold: first, the delegation of certain general powers, of a national nature, to the Government of the United States; and, second, the limitation or restriction of the State sovereignties. Upon the most thorough examination of this instrument I am induced to believe that many of the various constructions given to it are the result of a belief that it is absolutely perfect. It has become so extremely fashionable to eulogize this Constitution, whether the object of the eulogist is the extension or contraction of the powers of the Government, that whenever its eulogium is pronounced I feel an involuntary apprehension of mischief. Upon the faith of this imputed perfection it has been declared to be inconsistent with the entire spirit and character of this instrument to suppose that after it has given a general power it should afterward delegate a specific power fairly comprehended within the general power. A rational analysis of the Constitution will refute in the most demonstrative manner this idea of its perfection.

In the present case, if there be any who, under the conviction that the Constitution is perfect, are disposed to give it a construction that will render it wholly imbecile, the public welfare requires that the veil should be rent, and that its imperfection should be disclosed to public view. By this disclosure it will cease to be the object of adoration, but it will nevertheless be entitled to our warmest attachment.

The eighth section of the first article of the Constitution contains five grants of general power. Under the power to coin money it is conceived that Congress would have a right to provide for the punishment of counterfeiting the money after it was coined, and that this power is fairly incidental to, and comprehended in, the general power. The power to raise armies and provide and maintain a navy comprehends, beyond the possibility of doubt, the right to make rules for the government and regulation of the land and naval forces; and yet in these three cases the Constitution, after making the grant of general power, delegates specifically the powers which are fairly comprehended within the general power. Under the power to regulate commerce, Congress has exercised the power of erecting light-houses, as incident to that power, and fairly comprehended within it. Under the power to establish post-offices and post

roads, Congress has provided for the punishment of offences against the Post-Office Department. If the Congress can exercise an incidental power not granted in one case, it can in all cases of a similar kind. But it is said that the enumeration of certain powers excludes all other powers not enumerated. This is true so far as original substantive grants of power are concerned, but it is not true when applied to express grants of power, which are strictly incidental to some original and substantive grant of power. If all incidental powers are excluded except the few which are enumerated this would exclude from all claim to constitutionality nearly one-half of your laws, and, what is still more to be deprecated, would render your Constitution equally imbecile with the old Articles of Confederation.

When we come to examine the fourth article, the absurdity of this rule of construction, and also of the idea of perfection which has been attributed to the Constitution, will be equally manifest. This article appears to be of a miscellaneous character and very similar to the codicil of a will. The first three articles provide for the three great departments of government called into existence by the Constitution, but some other provisions just then occur, which ought to have been included in one or the other of the preceding articles, and these provisions are incorporated and compose the fourth article.

In the first section express authority has been given to Congress to prescribe the manner in which the records, etc., should be proved, and also the effect thereof, but in the other two [relating to extradition of criminals and return of fugitive slaves and bond servants] no authority is given to Congress, and yet the bare inspection of the three cases will prove that the interference of Congress is less necessary in the first than in the two remaining cases. According, however, to the rule of construction contended for, Congress cannot pass any law to carry the Constitution into effect in the two last cases selected, because express power has been given in the first and is withheld in the two last. Congress has nevertheless passed laws to carry those provisions into effect, and this exercise of power has never been complained of by the people or the States.

But it is said the advocates of the bank differ among themselves in fixing upon the general power to which the right to create a bank is incidental, and that this difference proves that there is no incidentality, to use a favorite expression, between that and any one of the enumerated general powers. The same reason can be urged, with equal force, against the constitution-

ality of every law for the erection of light-houses. Let the advocates of this doctrine lay their finger upon the power to which the right of erecting light-houses is incidental. It can be derived with as much apparent plausibility and reason from the right to lay duties as from the right to regulate commerce. Who is there, now, in this body who has not voted for the erection of a light-house? And no man in the nation, so far as my knowledge extends, has ever complained of the exercise of this power. The right to erect light-houses is exercised because the commerce of the nation or the collection of duties is greatly facilitated by that means; and, sir, the right to create a bank is exercised because the collection of your revenue and the safe-keeping and easy and speedy transmission of your public money are not simply facilitated, but because these important objects are more perfectly secured by the erection of a bank than they can be by any other means in the power of human imagination to devise. We say, therefore, in the words of the Constitution, that a bank is necessary and proper to enable the Government to carry into complete effect the right to lay and collect taxes, imposts, duties, and excises. We do not say that the existence of the Government absolutely depends upon the operations of a bank, but that a national bank enables the Government to manage its fiscal concerns more advantageously than it could do by any other means. The terms necessary and proper, according to the construction given to every part of the Constitution, impose no limitation upon the powers previously delegated. If these words had been omitted in the clause giving authority to pass laws to carry into execution the powers vested by the Constitution in the national Government, still Congress would have been bound to pass laws which were necessary and proper, and not such as were unnecessary and improper. Every legislative body, every person invested with power of any kind, is morally bound to use only those means which are necessary and proper for the correct execution of the powers delegated to them. But it is contended that, if a bank is necessary and proper for the management of the fiscal concerns of the nation, yet Congress has no power to incorporate one, because there are State banks which may be resorted to. Can it be seriously contended that, because the Constitution has in some cases made the Government of the United States dependent upon the State governments, in all which cases it has imposed the most solemn obligations upon them to act, that it will be necessary and proper for Congress to make itself dependent upon them in cases where no such obligation is imposed? The Constitution has defined all the

cases where this Government ought to be dependent upon the State governments; and it would be unwise and improvident for us to multiply these cases by legislative acts, especially where we have no power to compel them to perform the act for which we have made ourselves their dependents. In forming a permanent system of revenue, it would be unwise in Congress to rely, for its collection and transmission from one extreme of this extensive empire to the other, upon any accidental circumstance, wholly beyond their power or control. There are State banks in almost every State in the Union, but their existence is wholly independent of this Government, and their dissolution is equally so. The Secretary of the Treasury [Albert Gallatin] has informed you that he conceives a bank is necessary to the legitimate exercise of the powers vested by the Constitution in the Government. His testimony is entitled to great weight in the decision of this question, at least with those gentlemen who have no knowledge of the practical effects of the operation of the bank in the collection, safe-keeping, and transmission of your revenue. In the selection of means to carry any of your constitutional powers into effect, you must exercise a sound discretion; acting under its influence, you will discover that what is proper at one time may be extremely unfit and improper at another. The original powers granted to the Government by the Constitution can never change with the varying circumstances of the country, but the means by which those powers are to be carried into effect must necessarily vary with the varying state and circumstances of the nation. We are, when acting to-day, not to inquire what means were necessary and proper twenty years ago, not what were necessary and proper at the organization of the Government, but our inquiry must be, what means are necessary and proper this day. The Constitution, in relation to the means by which its powers are to be executed, is one eternal *now*. The state of things now, the precise point of time when we are called upon to act, must determine our choice in the selection of means to execute the delegated powers.

Senator Giles.—The gentleman from Georgia [Senator Crawford] proceeded to remark that in taking a review of the Constitution he found general as well as incidental powers enumerated therein. I did not see the precise application the gentleman intended to make of this remark, but I have been induced to review the Constitution in reference to this subject, and it does appear to me that the classification and definition of powers are as well arranged as human wisdom could devise. I know that nothing is perfect which is the work of man; that no

language is capable of perfect definition. But, as far as definition can be drawn from language, I conceive the Constitution exhibits as perfect an example as is in existence. In the next place, the gentleman remarked that there were a number of cases in which Congress had departed from the particular enumerated powers in the Constitution, and had resorted to implication or construction for the derivation of its powers. The remark is perfectly correct, and I am very ready to admit that there is no such thing as carrying into effect enumerated powers in any instrument whatever without the intervention of certain derivative and implied powers. But, if the gentleman had succeeded in showing that there had been aberrations by the Congress of the United States from the enumerated powers of the Constitution, would he think it correct to use those aberrations as precedents for still further aberrations? Ought they not rather to be considered as mementoes on the part of Congress to induce them to tread with more care, and, if they find that their former errors could not be supported by a fair and candid construction of the Constitution, to restrain the laws within its wholesome provisions?

I will now, Mr. President, proceed to examine those instances which the gentleman has presented of the supposed aberrations of the Congress of the United States from the enumerated powers, and I think it will not be difficult to show that there is not a single instance quoted but which is deducible from a fair and correct interpretation of the express words of the Constitution, giving them their common and appropriate meaning.

The first instance presented to our consideration by the honorable gentleman from Georgia [Senator Crawford] of the exercise of a power by Congress not enumerated in the Constitution was the erection of light-houses. The gentleman from Massachusetts [Senator Lloyd] superadded the instance of the erection of custom-houses.

I think Congress possesses the power to erect light-houses and custom-houses by the express words of the Constitution; for both of these descriptions of houses must necessarily be included within the term "needful buildings." But, if this term "needful buildings" had not been expressed in the Constitution, I should not hesitate to admit with these gentlemen that the erection of light-houses and custom-houses might properly be deduced from the power to lay and collect taxes, duties, etc., which are particular grants of power enumerated in the Constitution. Because custom-houses are appropriately necessary to the collection of duties, and have always been deemed indispensable for that object, as are light-houses to the due regulation of commerce.

The gentlemen, reasoning from a supposed analogy, have asked, if Congress can derive the right to erect light-houses and custom-houses from their necessary agency in effectuating the particular powers to which they are said to be appendant or appurtenant, why may it not in the same way derive the right of granting charters of incorporation for the same objects? The question is admitted to be a fair one; and, if a clear distinction cannot be made in the two cases, it will be admitted either that Congress may constitutionally establish a bank or that it has heretofore transcended its powers in erecting custom-houses, etc. A clear and most obvious distinction appears to me to exist in the cases suggested by the gentlemen to be analogous, arising from the striking difference in the nature and essential character of these powers. A custom-house is in its nature incidental and subservient to the collection of duties. It is one of the common, necessary, and proper means to effect that end. It is believed that in no commercial country in the world are duties collected without them. Besides, the erection of custom-houses does not involve in it the exercise of any other higher or consequential powers. The same remarks will apply to light-houses, as among the common, necessary, and proper means for the regulation of commerce, etc.

Is the incorporation of a bank of this character? No. It wants that connection, affiliation, and subserviency to some enumerated power which are clearly pointed out in relation to the two powers to which it has been said to be analogous. Besides, does granting a charter of incorporation to a bank involve no other higher or consequential power than merely erecting a needful building for collecting duties, etc.? It certainly does. It involves the power to grant charters of incorporation generally; and in this respect, principally, its character is essentially different from both of the powers cited by the gentleman. The power to grant charters of incorporation is not an incidental, subordinate, substantive power. It is a distinct, original, substantive power. It is also susceptible of the clearest definition; and, not being among the enumerated powers, it seems to me that Congress can have no fair claim to its exercise in any case. If Congress had been expressly authorized to grant charters of incorporation generally, then granting a charter of incorporation to a bank would have been an instance, or among the means, of carrying into effect that enumerated power, and would have been as much connected and

affiliated with it as is the erection of custom-houses with the collection of duties. I do not mean to exaggerate the consequences which might result from an assumption of the power to grant charters of incorporation, etc. It is sufficient for me to say that it is a power of primary importance; that it involves as many incidental powers in its exercise as any one of the enumerated powers; that it is equal, if not paramount, to any; and, therefore, in my judgment, cannot be assumed by fair construction as incidental and subservient to any; and, of course, not as among the necessary and proper means for carrying any into effect.

SENATOR CLAY.—As this subject, at the memorable period when the charter was granted, called forth the best talents of the nation; as it has, on various occasions, undergone the most thorough investigation; and as we can hardly expect that it is susceptible of receiving any further elucidation, it was to have been hoped that we should have been spared a useless debate. This was the more desirable because there are, I conceive, much superior claims upon us for every hour of the small portion of the session yet remaining to us. Under the operation of these motives, I had resolved to give a silent vote, until I felt myself bound, by the defying manner of the arguments advanced in support of the renewal, to obey the paramount duties I owe my country and its Constitution; to make one effort, however feeble, to avert the passage of what appears to me a most unjustifiable law.

After my honorable friend from Virginia [Senator Giles] had instructed and amused us with the very able and ingenious argument which he delivered on yesterday, I should have still forborne to trespass on the Senate but for the extraordinary character of his speech. He discussed both sides of the question, with great ability and eloquence, and certainly demonstrated to the satisfaction of all who heard him both that it was constitutional and unconstitutional, highly proper and improper to prolong the charter of the bank. The honorable gentleman appeared to me in the predicament in which the celebrated orator of Virginia, Patrick Henry, is said to have been once placed. Engaged in a most extensive and lucrative practice of the law, he mistook in one instance the side of the cause on which he was retained and addressed the court and jury in a very splendid and convincing speech in behalf of his antagonist. His distracted client came up to him while he was progressing, and, interrupting him, bitterly exclaimed, "You have undone me! you have ruined me!"—"Never mind, give yourself no concern," said the adroit advocate; and, turning to the court and jury, continued his argument by observing, "May it please your honors, and you, gentlemen of the jury, I have been stating to you what I presume my adversary may urge on his side. I will now show you how fallacious his reasoning and groundless his pretensions are." The skillful orator proceeded, satisfactorily refuted every argument he had advanced, and gained his cause! A success with which I trust the exertion of my honorable friend will on this occasion be crowned.

The gentleman from Georgia [Senator Crawford], after wandering throughout the whole Constitution in quest of some congenial spot whereon to fasten, has at length located it on that provision which authorizes Congress to lay and collect taxes, etc. In 1791 the power is referred to one part of the instrument; in 1811 to another. Sometimes it is alleged to be deducible from the power to regulate commerce. Hard pressed here, it disappears, and shows itself under the grant to coin money. The sagacious Secretary of the Treasury [Alexander Hamilton] in 1791 pursued the wisest course—he has taken shelter behind general, high-sounding, and imposing terms. He has declared in the preamble to the act establishing the bank that it will be very conducive to the successful conducting of the national finances; will tend to give facility to the obtaining of loans, and will be productive of considerable advantage to trade and industry in general. No allusion is made to the collection of taxes. The power to charter companies is not specified in the Constitution, and I contend is of a nature not transferable by mere implication. It is one of the most exalted attributes of sovereignty. In the exercise of this gigantic power we have seen an East India Company created, which has carried dismay, desolation, and death throughout one of the largest portions of the habitable world. A company which is, in itself, a sovereignty—which has subverted empires and set up new dynasties—and has not only made war, but war against its legitimate sovereign! Under the influence of this power, we have seen arise a South Sea company, and a Mississippi company, that distracted and convulsed all Europe, and menaced a total overthrow of all credit and confidence, and universal bankruptcy. Is it to be imagined that a power so vast would have been left by the wisdom of the Constitution to doubtful inference? In deducing the power to create corporations from the power to collect taxes, the relation and condition of principal and incident are prostrated and destroyed. The accessory is exalted above the principal. As well might it be said that the great luminary of day

is an accessory, a satellite to the humblest star that twinkles forth its feeble light in the firmament of heaven![1]

Suppose the Constitution had been silent as to an individual department of this Government, could you, under the power to lay and collect taxes, establish a judiciary? I presume not; but, if you could derive the power by mere implication, could you vest it with any other authority than to enforce the collection of the revenue? A bank is made for the ostensible purpose of aiding in the collection of the revenue, and, while it is engaged in this, the most inferior and subordinate of all its functions, it is made to diffuse itself through society, and to influence all the great operations of credit, circulation, and commerce. Like the Virginia justice, you tell the man whose turkey has been stolen that your book of precedents furnishes no form for his case, but then you will grant him a precept to search for a cow, and when looking for that he may possibly find his turkey! You say to this corporation, we cannot authorize you to discount —to emit paper—to regulate commerce, etc. No! Our book has no precedents of that kind. But then we can authorize you to collect the revenue, and, while occupied with that, you may do whatever else you please!

What is a corporation such as the bill contemplates? It is a splendid association of favored individuals, taken from the mass of society, and invested with exemptions and surrounded by immunities and privileges.

I contend that the States have the exclusive power to regulate contracts, to declare the capacities and incapacities to contract, and to provide as to the extent of responsibility of debtors to their creditors. If Congress have the power to erect an artificial body and say it shall be endowed with the attributes of an individual—if you can bestow on this object of your own creation the ability to contract, may you not, in contravention of State rights, confer upon slaves, infants, and *femmes couvertes* the ability to contract? And, if you have the power to say that an association of individuals shall be responsible for their debts only in a certain limited degree, what is to prevent an extension of a similar exemption to individuals? Where is the limitation upon this power to set up corporations? You establish one, in the heart of a State, the basis of whose capital is money. You may erect others whose capital shall consist of land, slaves, and personal estate, and thus the whole property within the jurisdiction of a State might be absorbed by these political bodies. The existing bank contends that it is beyond the power of a State to

[1] Senator Clay was evidently not strong on astronomy.

tax it, and, if this pretension be well founded, it is in the power of Congress, by chartering companies, to dry up the whole of the sources of State revenue. The United States own a great deal of land in the State of Ohio; can this Government, for the purpose of creating an ability to purchase it, charter a company? Aliens are forbidden, I believe, in that State, to hold real estate—could you, in order to multiply purchasers, confer upon them the capacity to hold land, in derogation of the local law? I imagine this will hardly be insisted upon; and yet there exists a more obvious connection between the undoubted power, which is possessed by this Government, to sell its land and the means of executing that power, by increasing the demand in the market, than there is between this bank and the collection of a tax. This Government has the power to levy taxes—to raise armies—provide a navy—make war—regulate commerce—coin money, etc. It would not be difficult to show as intimate a connection between a corporation, established for any purpose whatever, and some one or other of those great powers, as there is between the revenue and the bank of the United States.

It is urged by the gentleman from Massachusetts [Senator Lloyd] that, as this nation progresses in commerce, wealth, and population, new energies will be unfolded, new wants and exigencies will arise, and hence he infers that powers must be implied from the Constitution. But, sir, the question is, shall we stretch the instrument to embrace cases not fairly within its scope, or shall we resort to that remedy, by amendment, which the Constitution prescribes?

Gentlemen contend that the construction which they give to the Constitution has been acquiesced in by all parties, and under all administrations; and they rely particularly on an act which passed in 1804, for extending a branch to New Orleans, and another act, of 1807, for punishing those who should forge or utter forged paper of the bank. With regard to the first law, passed no doubt upon the recommendation of the Treasury Department, I would remark that it was the extension of a branch to a Territory, over which Congress possesses power of legislation almost uncontrolled, and where, without any constitutional impediment, charters of incorporation may be granted. As to the other act, it was passed no less for the benefit of the community than the bank—to protect the ignorant and unwary from counterfeit paper, purporting to have been emitted by the bank.

When gentlemen attempt to carry this measure, upon the ground of acquiescence or precedent, do they forget that we are not in Westminster Hall? In courts of justice, the utility of

uniformity of decision exacts of the judge a conformity to the adjudication of his predecessor. In the interpretation and administration of the law this practice is wise and proper; and without it, everything depending upon the caprice of the judge, we should have no security for our dearest rights. It is far otherwise when applied to the source of legislation. Here no rule exists but the Constitution; and to legislate upon the ground merely that our predecessors thought themselves authorized, under similar circumstances, to legislate is to sanctify error and perpetuate usurpation. But, if we are to be subjected to the trammels of precedents, I claim, on the other hand, the benefit of the restrictions under which the intelligent judge cautiously receives them. It is an established rule that to give to a previous adjudication any effect the mind of the judge who pronounced must have been awakened to the subject, and it must have been a deliberate opinion formed after full argument. In technical language, it must not have been *sub silentio*. Now, the acts of 1804 and 1807, relied upon as pledges for rechartering this company, passed not only without any discussions whatever of the constitutional power of Congress to establish a bank, but, I venture to say, without a single member having had his attention drawn to this question. I had the honor of a seat in the Senate[1] when the latter law passed, probably voted for it; and I declare, with the utmost sincerity, that I never once thought of that point; and I appeal confidently to every honorable member who was then present to say if that was not his situation.

This doctrine of precedents, applied to the legislature, appears to me to be fraught with the most mischievous consequences. The great advantage of our system of government over all others is that we have a written Constitution defining its limits and prescribing its authorities; and that, however for a time faction may convulse the nation, and passion and party prejudice sway its functionaries, the season of reflection will recur when calmly retracing their deeds, and all aberrations from fundamental principle will be corrected. But once substitute practice for principle, the expositions of the Constitution for the text of the Constitution, and in vain shall we look for the instrument in the instrument itself. It will be as diffused and intangible as the pretended constitution of England; and it must be sought for in the statute book, in the fugitive journals of Congress, and in reports of the Secretary of the Treasury. What would be our condition if we were to take the interpreta-

[1] Senator Clay was then as now filling a vacancy.

tions given to that sacred book which is or ought to be the criterion of our faith for the book itself? We should find the Holy Bible buried beneath the interpretations, glosses, and comments of councils, synods, and learned divines, which have produced swarms of intolerant and furious sects, partaking less of the mildness and meekness of their origin than of a vindictive spirit of hostility toward each other. They ought to afford us a solemn warning to make that Constitution, which we have sworn to support, our invariable guide.

I conceive, then, sir, that we are not empowered by the Constitution nor bound by any practice under it to renew the charter of this bank and I might here rest the argument. But, as there are strong objections to the renewal upon the score of expediency, and as the distresses which will attend the dissolution of the bank have been greatly exaggerated, I will ask your indulgence for a few moments longer. That some temporary inconvenience will arise I shall not deny; but most groundlessly have the recent failures in New York been attributed to the discontinuance of this bank. As well might you ascribe to that cause the failures of Amsterdam and Hamburg, of London and Liverpool. The embarrassments of commerce, the sequestration in France, the Danish captures—in fine, the belligerent edicts—are the obvious sources of these failures. Their immediate cause is the return of bills upon London, drawn upon the faith of unproductive or unprofitable shipments. Yes, sir, the protests of the notaries of London, not those of New York, have occasioned these bankruptcies.

The power of a nation is said to consist in the sword and the purse. Perhaps, at last, all power is resolvable into that of the purse, for with it you may command almost everything else. The specie circulation of the United States is estimated by some calculators at ten millions of dollars; and, if it be no more, one moiety is in the vaults of this bank. May not the time arrive when the concentration of such a vast portion of the circulating medium of the country in the hands of any corporation will be dangerous to our liberties? By whom is this immense power wielded? By a body who, in derogation of the great principle of all our institutions, responsibility to the people, is amenable only to a few stockholders, and they chiefly foreigners. Suppose an attempt to subvert this Government, would not the traitor first aim, by force or corruption, to acquire the treasure of this company? Look at it in another aspect. Seven-tenths of its capital are in the hands of foreigners, and these foreigners chiefly English subjects. We are possibly upon the eve of a

rupture with that nation. Should such an event occur, do you apprehend that the English Premier would experience any difficulty in obtaining the entire control of this institution? Republics, above all other nations, ought most studiously to guard against foreign influence. All history proves that the internal dissensions excited by foreign intrigue have produced the downfall of almost every free government that has hitherto existed; and yet gentlemen contend that we are benefited by the possession of this foreign capital. If we could have its use, without its attending abuse, I should be gratified also. But it is in vain to expect the one without the other. Wealth is power, and, under whatsoever form it exists, its proprietor, whether he lives on this or the other side of the Atlantic, will have a proportionate influence. It is argued that our possession of this English capital gives us a certain influence over the British Government. If this reasoning be sound, we had better revoke the interdiction as to aliens holding land, and invite foreigners to engross the whole property, real and personal, of the country. We had better at once exchange the condition of independent proprietors for that of stewards. We should then be able to govern foreign nations, according to the arguments of gentlemen on the other side. But let us put aside this theory, and appeal to the decisions of experience. Go to the other side of the Atlantic, and see what has been achieved for us there by Englishmen holding seven-tenths of the capital of this bank. Has it released from galling and ignominious bondage one solitary American seaman, bleeding under British oppression? Did it prevent the unmanly attack upon the *Chesapeake*? Did it arrest the promulgation, or has it abrogated the Orders in Council—those orders which have given birth to a new era in commerce? In spite of all its boasted effects, are not the two nations brought to the very brink of war? Are we quite sure that, on this side of the water, it has had no effect favorable to British interests? It has often been stated, and, although I do not know that it is susceptible of strict proof, I believe it to be a fact, that this bank exercised its influence in support of Jay's treaty; and may it not have contributed to blunt the public sentiment, or paralyze the efforts of this nation against British aggression?

The Duke of Northumberland is said to be the most considerable stockholder in the Bank of the United States. A late Lord Chancellor of England, besides other noblemen, was a large stockholder. Suppose the Prince of Essling, the Duke of Cadore, and other French dignitaries owned seven-eighths of the capital of this bank, should we witness the same exertions (I

allude not to any made in the Senate) to recharter it? So far from it, would not the danger of French influence be resounded throughout the nation?

Senator Pope.—My honorable friend from Georgia [Senator Crawford] has been reminded of the Macedonian phalanx. I trust, sir, we shall ever be found associated with a phalanx American, Republican, in heart and sentiment. I will not sacrifice the interest of my constituents for fear of being called hard names. The epithets of quidism, quadroonism, or any other ism which malice or policy may suggest shall not drive me from the course called for by the public good. I am proud that I represent a people just, generous, and independent, not to be carried away by unmeaning clamor. Before they discard a public servant, they will view him both on a political theater and in the walks of private life. They know, too well, that those are not always the best Christians who sing hallelujahs on the house top, nor have they forgotten the celebrated Sempronius, who, on the approach of Cæsar, thundered war in the Roman Senate, and at the same time was secretly coöperating with the traitor to overthrow the liberties of the Roman people.

Deeply impressed, Mr. President, with the opinion that the rejection of this bill will give at least a temporary check to the prosperity of the rising State from which I come, I shall give my negative to the motion to strike out the first section. Yes, sir, not only the interest but importance of that State in the Union is about to be sacrificed. When I look beyond the mountains, and remember that Kentucky has nurtured me almost from my cradle, that she has bestowed on me her choicest honors, my bosom is filled with emotions of gratitude which impel me to say on this, as on all other occasions, Kentucky, I am only thine!

CHAPTER III

National Bank Currency

[the second united states bank]

Proposals for Bank Charters, 1814-16—Bank of the United States of America Chartered in 1816—Debate in the House on the Effect of a National Bank on Currency: in Favor of the Bank, John C. Calhoun [S. C.], Henry Clay [Ky.]; Opposed, John Randolph [Va.], Daniel Webster [N. H.].

THE question of chartering a national bank came up again during the closing years of Madison's Administration. In January, 1814, sundry citizens of New York petitioned the House of Representatives for such a charter, but the committee to whom the matter was referred reported adversely, saying:

That the power to create corporations within the territorial limits of the States, without the consent of the States, is neither one of the powers delegated by the Constitution of the United States, nor essentially necessary for carrying into effect any delegated power.

John C. Calhoun [S. C.] then, in the following month (on February 4, 1814), proposed that the Committee of Ways and Means be instructed to inquire into the expediency of establishing a national bank in the District of Columbia, to do which, he said, came undoubtedly within the constitutional powers of Congress. On February 21 John W. Taylor [N. Y.], chairman of the committee, reported a bill to charter such a bank. Discussion of the report was deferred until the next session, when it was brought before the House on November 14, 1814, and discussed until November 28, when it was rejected by a vote of 49 to 104, owing to certain objectionable features.

The bill was then amended by the removal of certain

of these features. On December 8 it was ordered by the Senate to the third reading, and reported to the House of Representatives. The House referred it to a committee, which made other amendments, and reported it on January 6, 1815. It was passed on the following day by a vote of 120 to 38.

President Madison returned the bill to the Senate unsigned, and stated his objections to it. The nature of the bill may be inferred from the President's summary of his objections:

"On the whole, when it is considered that the proposed establishment will enjoy a monopoly of the profits of a national bank for a period of twenty years; that the monopolized profits will be continually growing, with the progress of the national population and wealth; that the nation will, during the same period, be dependent on the notes of the bank for that species of circulating medium, whenever the precious metals may be wanted, and at all times for so much thereof as may be an eligible substitute for a specie medium; and that the extensive employment of the notes in the collection of the augmented taxes will, moreover, enable the bank greatly to extend its profitable issues of them, without the expense of specie capital to support their circulation; it is as reasonable as it is requisite that the Government, in return for these extraordinary concessions to the bank, should have a greater security for attaining the public objects of the institution than is presented in the bill, and particularly for every practicable accommodation, both in the temporary advances necessary to anticipate the taxes, and in those more durable loans which are equally necessary to diminish the resort to taxes."

The Senate, on February 2, 1815, voted, 15 to 19, to pass the bill, and so failed to overrule the President's veto. On February 17, by a vote of 74 to 73, the House of Representatives indefinitely postponed the bill.

On the assembling of Congress in December, 1815, President Madison, in his message, after referring to the disordered condition of national finances due to the War of 1812, said:

"It is essential to every modification of the finances that the benefits of a uniform national currency should be restored

to the community. The absence of the precious metals will, it is believed, be a temporary evil; but, until they can again be rendered the general medium of exchange, it devolves on the wisdom of Congress to provide a substitute, which shall equally engage the confidence and accommodate the wants of the citizens throughout the Union. If the operation of the State banks cannot produce this result, the probable operation of a national bank will merit consideration."

This part of the President's message was referred by the House of Representatives to a special committee, of which John C. Calhoun was appointed chairman. On January 8, 1816, he reported a bill to establish The Bank of the United States, with a capital of $35,000,000, $7,000,000 to be subscribed by the Government and $28,000,000 to be subscribed for by individuals, companies, or corporations. The question came up for discussion in the House on February 26, and was debated until March 14, when it was passed by a vote of 80 to 71. It was brought forward in the Senate on March 25, and debated until April 3, when it was passed by a vote of 22 to 12. The act was approved by the President on April 10.

In all the later discussions of a national bank the constitutional arguments of the former were repeated, and hence need not be reproduced here. However, in the interim a special need had arisen for reformation of the *currency*, which, owing to the War of 1812, consisted wholly of paper, fluctuating greatly in value.

The effect of the establishment of a national bank in remedying this evil was the new feature in the later debates, and the arguments on this point are therefore presented. The leading speakers in behalf of the bank as an instrumentality tending toward a stable currency were Mr. Calhoun and Henry Clay [Ky.]. The leading opponent of the bank as not removing the evil complained of and as creating other evils was Daniel Webster [N. H.]. John Randolph [Va.], while denouncing the bill as proposing a "monstrous alliance between the bank and the Government," was so opposed to the evils of private banking that he was ready "almost in his heart" to vote for the bill.

It will be noted that Henry Clay reversed his attitude on the bank question. For some reason his speech in Congress on the establishment of the second bank was not reported. However, on his return to Kentucky he delivered an address to his constituents justifying his course, which repeated the arguments of the speech, and therefore has been here substituted for it.

The Effect of a National Bank on Currency

House of Representatives, February 26–March 14, 1816

Mr. Calhoun said: The state of our circulating medium is opposed to the principles of the Federal Constitution. The power was given to Congress by that instrument in express terms to regulate the currency of the United States. In point of fact, that power, though given to Congress, is not in their hands. The power is exercised by banking institutions, no longer responsible for the correctness with which they manage it. Gold and silver have disappeared entirely, there is no money but paper money, and that money is beyond the control of Congress. No one who refers to the Constitution can doubt that the money of the United States was intended to be placed entirely under the control of Congress. The only object the framers of the Constitution could have in view in giving to Congress the power "to coin money, regulate the value thereof, and of foreign coin" must have been to give a steadiness and fixed value to the currency of the United States. The state of things at the time of the adoption of the Constitution affords an argument in support of this construction. There then existed a depreciated paper currency, which could be regulated and made uniform only by giving a power for that purpose to the general Government. The States could not do it. Taking into view the prohibition against the States issuing bills of credit, there was a strong presumption this power was intended to be exclusively given to Congress.

There has been an extraordinary revolution in the currency of the country. By a sort of undercurrent the power of Congress to regulate the money of the country has caved in, and upon its ruin have sprung up those institutions which now exercise the right of making money for the United States—for gold and silver are not the only money, but whatever is the medium of purchase and sale, in which bank paper alone is now em-

ployed, and has, therefore, become the money of the country. A change, great and wonderful, has taken place, which divests you of your rights, and turns you back to the condition of the Revolutionary War, in which every State issued bills of credit, which were made a legal tender and were of various value.

This, then, is the evil. We have in lieu of gold and silver a paper medium, unequally but generally depreciated, which affects the trade and industry of the nation; which paralyzes the national arm; which sullies the faith, both public and private, of the United States; a paper no longer resting on gold and silver as its basis. We have indeed laws regulating the currency of foreign coin, but they are under present circumstances a mockery of legislation, because there is no coin in circulation. The right of making money—an attribute of sovereign power, a sacred and important right—is exercised by two hundred and sixty banks, scattered over every part of the United States, not responsible to any power whatever for their issues of paper. The next and great inquiry is, how this evil is to be remedied. Restore these institutions to their original use; cause them to give up their usurped power; cause them to return to their legitimate office of places of discount and deposit; let them be no longer mere paper machines; restore the state of things which existed anterior to 1813, which was consistent with the just policy and interests of the country; cause them to fulfill their contracts, to respect their broken faith, resolve that everywhere there shall be a uniform value to the national currency, your constitutional control will then prevail.

A national bank paying specie itself would have a tendency to make specie payments general, as well by its influence as by its example. It will be the interest of the national bank to produce this state of things, because otherwise its operations will be greatly circumscribed, as it must pay out specie or national bank notes; for I presume one of the first rules of such a bank would be to take the notes of no bank which did not pay in gold and silver. A national bank of thirty-five millions, with the aid of those banks which are at once ready to pay specie, would produce a powerful effect all over the Union. Further, a national bank would enable the Government to resort to measures which would make it unprofitable to banks to continue the violation of their contracts, and advantageous to return to the observance of them. The leading measures of this character would be to strip the banks refusing to pay specie of all the profits arising from the business of the Government, to prohibit deposits with them, and to

refuse to receive their notes in payment of dues to the Government.

The evil is a deep one; almost incurable, because connected with public opinion, over which banks have a great control; they have, in a great measure, a control over the press. For proof of which I refer to the fact that the present wretched state of the circulating medium has scarcely been denounced by a single paper within the United States. The derangement of a circulating medium is a joint thrown out of its socket; let it remain for a short time in that state and the sinews will be so knit that it cannot be replaced; apply the remedy soon, and it is an operation easy, though painful. The evil grows, while the resistance to it becomes weak; and, unless checked at once, will become irresistible.

Mr. Webster said: It is a mistaken idea, which I have heard uttered on this subject, that we are about to reform the national currency. No nation has a better currency than the United States; there is no nation which has guarded its currency with more care; for the framers of the Constitution, and those who enacted the early statutes on this subject, were hard-money men; they had felt and therefore duly appreciated the evils of a paper medium; they therefore sedulously guarded the currency of the United States from debasement. The legal currency of the United States was gold and silver coin. This was a subject in regard to which Congress had run into no folly.

What, then, is the present evil? Having a perfectly sound national currency—and the Government have no power, in fact, to make anything else current but gold and silver—there has grown up in different States a currency of paper issued by banks, setting out with the promises to pay gold and silver, which they have been wholly unable to redeem. The consequence is that there is a mass of paper afloat, of perhaps fifty millions, which sustains no immediate relation to the legal currency of the country—a paper which will not enable any man to pay money he owes to his neighbor, or his debts to the Government. The banks have issued more money than they can redeem, and the evil is severely felt. In consequence of the immense paper issues having banished specie from circulation, the Government has been obliged, in direct violation of existing statutes, to receive the amount of their taxes in something which is not recognized by law as the money of the country, and which is, in fact, greatly depreciated. This is the evil.

In my opinion, any remedy now to be applied to this evil must be applied to the depreciated mass of paper itself; it must

be some measure which will give heat and life to this mortified mass of the body politic. The evil is not to be remedied by introducing a new paper circulation; there can be no such thing as two media in circulation, the one credited and the other discredited. All bank paper derives its credit solely from its relation to gold and silver; and there is no remedy for the state of depreciation of the paper currency but the resumption of specie payments. If all the property of the United States was pledged for the redemption of these fifty millions of paper, it would not thereby be brought up to par; or, if it did, that would happen which has never yet happened in any other country. An issue of treasury notes would have no better effect than the establishment of a new bank paper. At a period anterior to the time of the reformation of the coin of England, when the existing coin had been much debased by clipping, an attempt had been made to correct the currency thus vitiated by throwing a quantity of sound coin into circulation with the debased; the result was that the sound coin disappeared, was hoarded up, because more valuable than that of the same nominal value which was in general circulation.

The establishment of a national bank not being in my opinion the proper remedy, I shall proceed to examine what is. The solvency of the banks is not questioned. There can be no doubt, if the banks would unite in the object, they might in three weeks resume the payment of specie, and render the adoption of any measure by this House wholly unnecessary. The banks are making, out of the present state of things, extravagant profits, which ought to be curtailed. The Bank of Pennsylvania, as exhibited in the return to the legislature of that State, is receiving interest on nearly three times the amount of its capital. This I consider an extraordinary fact. That bank has been pronounced by the legislature to be in "a flourishing state." It is so to the stockholders in the bank, I doubt not; but how is it to those who are affected by the depreciation of it—to the man who comes into an office for life, and relinquishes all his prospects and profits for a fixed salary, not to be diminished during his continuance in office; to the poor pensioner whose wounds received in his country's service are yet bleeding?

These banks not emanating from Congress, what engine is Congress to use for remedying the existing evil? Their only legitimate power is to interdict the paper of such banks as do not pay specie from being received at the custom-house. With a receipt of forty millions a year, if the Government is faithful to itself and to the interests of the people, they can control the

evil. In the end the taxes must be paid in the legal money of the country, and the sooner that is brought about the better.

MR. RANDOLPH.—The present time is one of the most disastrous I have ever witnessed in the Republic, and this bill proves it. The proposal to establish this great bank is like a crutch, and, as far as I understand it, it is a broken one: it would tend, instead of remedying the evil, to aggravate it. The evil of the times is a spirit engendered in this Republic, fatal to Republican principles, fatal to Republican virtue; a spirit to live by any means but those of honest industry; a spirit of profusion—in other words, the spirit of Catiline himself, *alieni avidus, sui profusus*—a spirit of expediency, not only in public but private life; the system of Diddler in the farce, living any way and well—wearing an expensive coat, and drinking the finest wines, at anybody's expense. This bank, I imagine (I am far from ascribing to the gentleman from South Carolina any such views), is to a certain extent a modification of the same system. Connected, as it is to be, with the Government, whenever it went into operation a scene would be exhibited on the great theater of the United States at the contemplation of which I shudder. If we mean to transmit our institutions unimpaired to posterity, if some now living wish to continue to live under the same institutions by which they are now ruled—and, with all its evils, real or imaginary, I presume no man would question that we live under the easiest government on the globe—we must put bounds to the spirit which seeks wealth by every path but the plain and regular path of honest industry and honest fame. This is one of the grounds on which I am hostile to this bill.

If the existing laws do not compel men to pay their debts, the establishment of a bank will not. Let us not disguise the fact; we think we are living in the better times of the Republic. We deceive ourselves; we are almost in the days of Sylla and Marius; yes, we have almost got down to the time of Jugurtha. It is unpleasant to put one's self in array against a great leading interest in a community, be they a knot of land speculators, paper jobbers, or what not; but every man you meet in this House or out of it, with some rare exceptions, which only serve to prove the rule, is either a stockholder, president, cashier, clerk, or doorkeeper, runner, engraver, papermaker, or mechanic in some other way to a bank. The gentleman from Pennsylvania might dismiss his fears for the State banks, with their one hundred and seventy millions of paper on eighty-two millions of capital. However great the evil of their conduct might

be, who is to bell the cat—who is to take the bull by the horns? You might as well attack Gibraltar with a pocket pistol as to attempt to punish them. There are very few who dare to speak truth to this mammoth; the banks are so linked together with the business of the world that there are very few men exempt from their influence. The true secret is the banks are creditors as well as debtors; and, if we were merely debtors to them for the paper in our pockets, they would soon, like Robert Morris, go to jail (figuratively speaking) for having issued more paper than they were able to pay when presented to them. We are tied hand and foot, and bound to conciliate this great mammoth,[1] which is set up to worship in this Christian land. Thus, while our Government denounces hierarchy—will permit no privileged order for conducting the service of the only true God—while it denounces nobility, etc., a privileged order of new men has grown up under it, the pressure of whose foot I at this moment feel on my neck. If anything could reconcile me to this monstrous alliance between the bank and the Government, I could, if the object could be attained of compelling these banks to fulfil their engagements, almost find in my heart to go with the gentleman in voting for it.

The stuff uttered on all hands, and absolutely got by rote by the haberdashers' boys behind the counters in the shops, that the paper now in circulation will buy anything you want as well as gold and silver, is answered by saying that you want to buy silver with it. The present mode of banking goes to demoralize society; it is as much swindling to issue notes with intent not to pay as it is burglary to break open a house. If they are unable to pay, the banks are bankrupts; if able to pay, and will not, they are fraudulent bankrupts. But a man might as well go to Constantinople to preach Christianity as to get up here and preach against banks. I despair, almost, of remedying the evil they cause when I see so many men of respectability directors, stockholders, debtors of the banks. To pass this bill would be like getting rid of the rats by setting fire to the house; whether any other remedy could be devised I do not now undertake to pronounce. The banks have lost all shame, and exemplify a beautiful and very just observation of one of the finest writers that men banded together in a common cause will collectively do that at which every individual of the combination would spurn.

MR. CLAY said: When I was a member of the Senate of the

[1] Randolph evidently used this word instead of "mammon" to suggest magnitude and monstrosity, as well as worship of wealth.

United States, I was induced to oppose the renewal of the charter to the old Bank of the United States by three general considerations: The first was that I was instructed to oppose it by the legislature of the State. What were the reasons that operated with the legislature, in giving the instruction, I do not know. I infer either that the legislature did not believe a bank to be unconstitutional or that it had formed no opinion on that point, from the fact that, although the two late Senators from this State, as well as the present Senators, voted for a national bank, the legislature, which must have been well apprised that such a measure was in contemplation, did not again interpose, either to protest against the measure itself or to censure the conduct of those Senators. From this silence on the part of a body which has ever fixed a watchful eye upon the proceedings of the general Government, I have a right to believe that the legislature of Kentucky now sees, without dissatisfaction, the proposal to establish a national bank; and that its opposition to the former one was upon grounds of expediency, applicable to that corporation alone, or no longer existing.

When the application was made to renew the old charter of the Bank of the United States, such an institution did not appear to me to be so necessary to the fulfillment of many of the objects specifically enumerated in the Constitution as to justify Congress in assuming, by construction, a power to establish it; it was supported mainly upon the ground that it was indispensable to the treasury operations. But the local institutions in the several States were, at that time, in prosperous existence, confided in by the community, having a confidence in each other, and maintaining an intercourse and connection the most intimate. Many of them were actually employed by the treasury to aid that department in a part of its fiscal arrangements; and they appeared to me to be fully capable of affording to it all the facility that it ought to desire in all of them. They superseded, in my judgment, the necessity of a national institution. But how stood the case in 1816, when I am called upon again to examine the power of the general Government to incorporate a national bank? A total change of circumstances is presented—events of the utmost magnitude have intervened.

A general suspension of specie payments has taken place, and this has led to a train of consequences of the most alarming nature. I behold, dispersed over the immense extent of the United States, about three hundred banking institutions, enjoying, in different degrees, the confidence of the public, shaken as to them all, under no direct control of the general Government,

and subject to no actual responsibility to the State authorities. These institutions are emitting the actual currency of the United States; a currency consisting of a paper on which they neither paid interest nor principal, while it was exchanged for the paper of the community on which both were paid. I see these institutions, in fact, exercising what has been considered at all times, and in all countries, one of the highest attributes of sovereignty—the regulation of the current medium of the country. They are no longer competent to assist the treasury in either of the great operations of collection, deposit, or distribution of the public revenue. In fact, the paper which they emit, and which the treasury, from the force of events, finds itself constrained to receive, is constantly obstructing the operations of that department; for it accumulates where it is not wanted, and cannot be used where it is wanted for the purposes of government without a ruinous and arbitrary brokerage. Every man who pays, or receives from, the Government pays or receives as much less than he ought to as is the difference between the medium in which the payment is made and specie. Taxes are no longer uniform. In New England, where specie payments have not been suspended, the people are called upon to pay larger contributions than where they are suspended. In Kentucky, as much more is paid by the people in their taxes than is paid, for example, in the State of Ohio, as Kentucky paper is worth more than Ohio paper.

Considering, then, that the state of the currency is such that no thinking man can contemplate it without the most serious alarm; that it threatens general distress, if it does not ultimately lead to convulsion and subversion of the Government, it appears to me to be the duty of Congress to apply a remedy, if a remedy can be devised. A national bank, with other auxiliary measures, is proposed as that remedy. I am determined to examine the question with as little prejudice as possible arising from my former opinion; I know that the safest course, if I were to pursue a cold, calculating prudence, is to adhere to that opinion, right or wrong. I am perfectly aware that, if I change or seem to change it, I shall expose myself to some censure; but, looking at the subject with the light shed upon it by events happening since the commencement of the war, I can no longer doubt. A bank appears not only necessary, but indispensably necessary, in connection with another measure, to remedy the evils of which all are but too sensible. I prefer to the suggestions of the pride of consistency the evident interests of the community, and determine to throw myself

upon their candor and justice. That which appeared to me in 1811, under the state of things then existing, not to be necessary to the general Government seems now to be necessary, under the present state of things. Had I then foreseen what now exists, and no objection had lain against the renewal of the charter, other than that derived from the Constitution, I should have voted for the renewal.

CHAPTER IV

President Jackson's War on the United States Bank

President Jackson's Message on Rechartering the Second United States Bank—Arraignment of the Bank by Senator Thomas H. Benton [Mo.]: "The Power Greater Than the Government"—Debate in the Senate on Renewal of the Bank's Charter: in Favor, George M. Dallas [Pa.], Daniel Webster [Mass.]—Bill Is Passed—The President Vetoes It; His Message—Debate in the Senate on the Veto: in Favor, Hugh L. White [Tenn.]; Opposed, Senator Benton, Senator Webster, Henry Clay [Ky.].

PRESIDENT JACKSON was of autocratic temper, brooking no superior to his will. He used his appointing power to build up what in later political parlance would be called a "Jackson machine." He dominated his Cabinet, dictating the policy of the Administration. Indeed, those with whom he chiefly conferred were men outside of his official family, who composed what was known as the "Kitchen Cabinet." He used the veto power of his office more freely and arbitrarily than his predecessors, overriding, indeed, the precedents set by them (see his veto of the Maysville Turnpike bill, Volume X, page 157), and thus subordinated Congress to the legislative power incident in the Executive.

Accordingly, when he saw the growth of new power in the country, the President first attempted to utilize it for his own aggrandizement, and then, on failure to do so, to crush it. This power was the Bank of the United States, which, by 1829, had become an extensive system composed of the parent bank at Philadelphia and twenty-five branch banks scattered over the country, but most thickly in New England and the Middle Atlantic States.

In June, 1829, the engineers of the Jackson "machine" in New Hampshire urged Nicholas Biddle, president of the bank, to remove the president of the branch

at Portsmouth and appoint a Jackson man in his place. Biddle flatly refused to do so. The Secretary of the Treasury, Samuel D. Ingham, then brought official pressure to bear, but in vain, Biddle declaring that the bank did not "acknowledge the slightest responsibility whatsoever to the Secretary of the Treasury touching the political opinions and conduct of its officers, that being a subject on which they never consult, and have no desire to know, the views of any Administration."

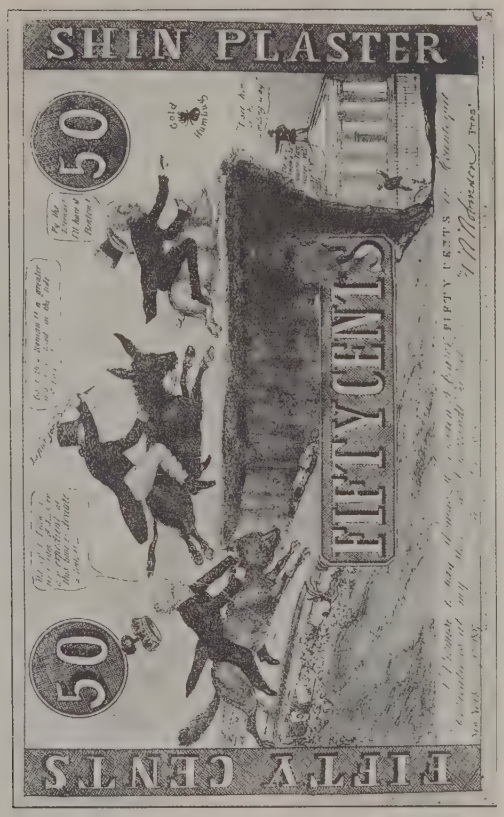
In his next message to Congress (December 8, 1829) President Jackson made the first move in his warfare against the bank. He said:

> The charter of the Bank of the United States expires in 1836, and its stockholders will most probably apply for a renewal of their privileges. In order to avoid the evils resulting from precipitancy in a measure involving such important principles, and such deep pecuniary interests, I feel that I cannot, in justice to the parties interested, too soon present it to the deliberate consideration of the legislature and the people. Both the constitutionality and the expediency of the law creating this bank are well questioned by a large portion of our fellow citizens; and it must be admitted by all that it has failed in the great end of establishing a uniform and sound currency.
>
> Under these circumstances, if such an institution is deemed essential to the fiscal operations of the Government, I submit to the wisdom of the legislature whether a national one founded upon the credit of the Government and its revenues might not be devised, which would avoid all constitutional difficulties and at the same time secure all the advantages to the Government and country that were expected to result from the present bank.

At the instigation of the President resolutions were offered, during the ensuing session, against the bank, but were laid on the table by a vote of 86 to 66.

During the congressional recess the President continued his fight on the bank through the Administration press. At the opening of the next session he repeated his former observations in regard to the bank, and amplified his argument in favor of a Treasury bank.

> Not being a corporate body, having no stockholders, debtors, or property, and but few officers, it would not be obnoxious to



"SHINPLASTER" CARICATURE OF BENTON, JACKSON, AND VAN BUREN
From the collection of the New York Historical Society

65

dollars, and to issue notes to the amount of thirty-five millions more. This makes ninety millions; and, in addition to this vast sum, there is an opening for an unlimited increase; or there is a dispensation in the charter to issue as many more notes as Congress, by law, may permit. This opens the door to boundless emissions; for what can be more unbounded than the will and pleasure of successive Congresses? The indirect power of the bank cannot be stated in figures; but it can be shown to be immense. In the first place, it has the keeping of the public moneys, now amounting to twenty-six millions per annum (the Post Office Department included), and the gratuitous use of the undrawn balances, large enough to constitute in themselves the capital of a great State bank. In the next place, its promissory notes are receivable, by law, in purchase of all property owned by the United States, and in payment of all debts due them; and this may increase its power to the amount of the annual revenue, by creating a demand for its notes to that amount. In the third place, it wears the name of the United States, and has the Federal Government for a partner; and this name and this partnership identify the credit of the bank with the credit of the Union. In the fourth place, it is armed with authority to disparage and discredit the notes of other banks, by excluding them from all payments to the United States; and this, added to all its other powers, direct and indirect, makes this institution the uncontrollable monarch of the moneyed system of the Union. To whom is all this power granted? To a company of private individuals, many of them foreigners. By whom is all this power to be exercised? By a directory of seven (it may be), governed by a majority of four (it may be), and none of these elected by the people, or responsible to them. Where is it to be exercised? At a single city, distant a thousand miles from some of the States, receiving the produce of none of them (except one); no interest in the welfare of any of them (except one); no commerce with the people; with branches in every State; and every branch subject to the secret and absolute orders of the supreme central head; thus constituting a system of centralism, hostile to the federative principle of our Union, encroaching upon the wealth and power of the States, and organized upon a principle to give the highest effect to the greatest power. This mass of power, thus concentrated, thus ramified, and thus directed, must necessarily become, under a prolonged existence, the absolute monopolist of American money, the sole manufacturer of paper currency, and the sole authority (for authority it will be) to which the Federal Government, the State

the constitutional objections which are urged against the present bank; and having no means to operate on the hopes, fears, or interests of large masses of the community, it would be shorn of the influence which makes that bank formidable. The States would be strengthened by having in their hands the means of furnishing the local paper currency through their own banks; while the Bank of the United States, though issuing no paper, would check the issues of the State banks, by taking their notes in deposit, and for exchange, only so long as they continue to be redeemed with specie. In times of public emergency, the capacities of such an institution might be enlarged by legislative provisions.

These suggestions are made, not so much as a recommendation, as with a view of calling the attention of Congress to the possible modifications of a system which cannot continue to exist in its present form without occasional collisions with the local authorities, and perpetual apprehensions and discontent on the part of the States and the people.

On February 2, 1831, Thomas H. Benton [Mo.], a spokesman of the Administration, introduced in the Senate a resolution "that the charter of the Bank of the United States ought not to be renewed," and advocated its adoption in a powerful speech, arraigning the bank not only for its actual, but also its potential, abuses.

"The Power Greater than the Government"

Speech of Senator Benton Against the National Bank

First: Mr. President, I object to the renewal of the charter of the Bank of the United States, because I look upon the bank as an institution too great and powerful to be tolerated in a government of free and equal laws. Its power is that of the purse; a power more potent than that of the sword; and this power it possesses to a degree and extent that will enable the bank to draw to itself too much of the political power of this Union; and too much of the individual property of the citizens of these States. The money power of the bank is both direct and indirect.

The direct power of the bank is now prodigious, and, in the event of the renewal of the charter, must speedily become boundless and uncontrollable. The bank is now authorized to own effects, lands inclusive, to the amount of fifty-five millions of

governments, the great cities, corporate bodies, merchants, traders, and every private citizen must of necessity apply for every loan which their exigencies may demand. "The rich ruleth the poor, and the borrower is the servant of the lender."

It is to no purpose that gentlemen may come forward, and vaunt the character of the United States Bank, and proclaim it too just and merciful to oppress the State. I must be permitted to repudiate both the pledge and the praise. The security is insufficient and the encomium belongs to Constantinople. "The Sultan is too just and merciful to abuse his power."

Secondly. I object to the continuance of this bank, because its tendencies are dangerous and pernicious to the Government and to the people.

What are the tendencies of a great moneyed power connected with the Government and controlling its fiscal operations? Are they not dangerous to every interest, public and private—political as well as pecuniary?

Such a bank tends to create public debt, by facilitating public loans and substituting unlimited supplies of paper for limited supplies of coin. The British debt is born of the Bank of England, which was chartered in 1694, and was nothing more nor less in the beginning than an act of Parliament for the incorporation of a company of subscribers to a government loan.

It tends to aggravate the inequality of fortunes; to make the rich richer, and the poor poorer; to multiply nabobs and paupers; and to deepen and widen the gulf which separates Dives from Lazarus. A great moneyed power is favorable to great capitalists; for it is the principle of money to favor money. It is unfavorable to small capitalists; for it is the principle of money to eschew the needy and unfortunate. It is injurious to the laboring classes; because they receive no favors, and they have the price of the property they wish to acquire raised to the paper maximum, while their wages remain at the silver minimum.

It tends to make and to break fortunes, by the flux and reflux of paper. Profuse issues and sudden contractions perform this operation, which can be repeated, like planetary and pestilential visitations, in every cycle of so many years; at every periodical return, transferring millions from the actual possessors of property to the Neptunes who preside over the flux and reflux of paper.

Thirdly. I object to the renewal of the charter, on account of the exclusive privileges and anti-republican monopoly which it gives to the stockholders. It gives, and that by an act of Con-

gress, to a company of individuals, the following exclusive legal privileges:

1. The imposing name, the incalculable credit, and the great and continuing revenues of the United States are given up to the use of this company, and constitute in themselves an immense capital to bank upon. The revenues of the Union are twenty-six millions of dollars, including the post office; and all this is so much capital in the hands of the bank, because the revenue is received by it, and is payable in its promissory notes.

2. To pay the revenues of the United States in their own notes. Other banks depend upon their credit for the receivability of their notes; but this favored institution has law on its side, and a chartered right to compel the reception of its paper by the Federal Government. The immediate consequence of this extraordinary privilege is that the United States becomes virtually bound to stand security for the bank, as much so as if she had signed a bond to that effect; and must stand forward to sustain the institution in all emergencies, in order to save her own revenue. This is what has already happened, some ten years ago, in the early progress of the bank, and when the immense aid given it by the Federal Government enabled it to survive the crisis of its own overwhelming mismanagement.

3. To hold the moneys of the United States in deposit, without making compensation for the use of the undrawn balances. This is a right which I deny; but, as the bank claims it, and, what is more material, enjoys it; and as the people of the United States have suffered to a vast extent in consequence of this claim and enjoyment, I shall not hesitate to set it down to the account of the bank. Let us then examine the value of this privilege and its effect upon the interest of the community; and, in the first place, let us have a full and accurate view of the amount of these undrawn balances from the establishment of the bank to the present day. Here it is! Look! Read!

Here Mr. Benton exhibited a table of the quarterly amounts of public money in the bank, averaging about four millions of dollars, and equivalent to a permanent deposit or loan without interest to that amount.

See, Mr. President, what masses of money, and always on hand. The paper is covered all over with millions; and yet, for all these vast sums, no interest is allowed; no compensation is made to the United States. The Bank of England, for the undrawn balances of the public money, has made an equitable

compensation to the British Government; namely, a permanent loan of half a million sterling, and a temporary loan of three millions for twenty years, without interest. Yet, when I moved for a like compensation to the United States, the proposition was utterly rejected by the Finance Committee, and treated as an attempt to violate the charter of the bank. At the same time it is incontestable that the United States have been borrowing these undrawn balances from the bank and paying an interest upon their own money.

4. To discredit and disparage the notes of all other banks, by excluding them from the collection of the federal revenue. In consequence of this exclusion they are also excluded from all the land offices, eleven in number, which deposit in the Branch Bank of St. Louis; and, being excluded from the land offices, they cease to be current money among the people. If a traveler or emigrant brings these notes to the country, or receives them in remittance; if a trader accepts them in exchange for produce, they are "*shaved*" out of their hands, and sent out of the country. This is a pecuniary injury done to the Northwest; it may be more—it may be a political injury also; for it contributes to break the communication between the two quarters of the Union, and encourages the idea that nothing good can come from the South—not even money! This power to disparage the notes of all other banks is a power to injure them; and, added to all the other privileges of the Bank of the United States, is a power to destroy them! The President (Mr. Biddle) answers, as the whole world would answer to a question of oppression, that it never had; and this response was as much as the interrogatory required. But it did not content the president of the bank; he chose to go further, and to do honor to the institution over which he presided, by showing that it was as just and generous as it was rich and powerful. He, therefore, adds the following words, for which, as a seeker after evidence to show the alarming and dangerous character of the bank, I return him my unfeigned thanks: "There are very few banks which might not have been destroyed by an exertion of the power of the bank."

This is enough! proof enough! not for me alone, but for all who are unwilling to see a moneyed domination set up—a moneyed oligarchy established in this land, and the entire Union subjected to its sovereign will. The power to destroy all other banks is admitted and declared; the inclination to do so is known to all rational beings to reside with the power! Policy may restrain the destroying faculties for the present; but they

exist; and will come forth when interest prompts and policy permits. They have been exercised; and the general prostration of the Southern and Western banks attests the fact. They will be exercised (the charter being renewed), and the remaining State banks will be swept with the besom of destruction. Not that all will have their signs knocked down and their doors closed up. Subjugation, in preference to destruction, will be the fate of many. Every planet must have its satellites; every tyranny must have its instruments; every knight is followed by his squire; even the king of beasts, the royal quadruped, whose roar subdues the forest, must have a small subservient animal to spring his prey. Just so of this imperial bank, when installed anew in its formidable and lasting power. The State banks spared by the sword will be passed under the yoke. They will become subordinate parts in the great machine; and thus the entire moneyed power of the Union will fall into the hands of one single institution, whose inexorable and invisible mandates, emanating from a center, would pervade the Union, giving or withholding money according to its own sovereign will and absolute pleasure. To a favored State, to an individual, or a class of individuals, favored by the central power, the golden stream of Pactolus would flow direct. To all such the munificent mandates of the High Directory would come, as the fabled god made his terrestrial visit of love and desire, enveloped in a shower of gold. But to others—to those not favored—and to those hated—the mandates of this same directory would be as "the planetary plague which hangs its poison in the sick air"; death to them! death to all who minister to their wants! What a state of things! What a condition for a confederacy of States! What grounds for alarm and terrible apprehension, when, in a confederacy of such vast extent, so many independent States, so many rival commercial cities, so much sectional jealousy, such violent political parties, such fierce contests for power, there should be but one moneyed tribunal before which all the rival and contending elements must appear! but one single dispenser of money, to which every citizen, every trader, every merchant, every manufacturer, every planter, every corporation, every city, every State, and the Federal Government itself must apply, in every emergency, for the most indispensable loan! and this, in the face of the fact that, in every contest for human rights, the great moneyed institutions of the world have uniformly been found on the side of kings and nobles, against the lives and liberties of the people.

5. To hold real estate, receive rents, and retain a body of

tenantry. This privilege is hostile to the nature of our republican Government, and inconsistent with the nature and design of a banking institution. Republics want freeholders, not landlords and tenants. Instead of remaining bankers, the corporators may turn land speculators; instead of having money to lend, they may turn you out tenants to vote. To an application for a loan, they may answer, and answer truly, that they have no money on hand; and the reason may be that they have laid it out in lands. The bank is now the greatest moneyed power in the Union; in the event of the renewal of its charter, it will soon be the sole one. Sole dispenser of money, it will soon be the chief owner of property. To unlimited means of acquisition would be united perpetuity of tenure; for a corporation never dies, and is free from the operation of the laws which govern the descent and distribution of real estate in the hands of individuals. Having all the money, it would be the sole lender; mortgages being the road to loans, all borrowers must travel that road. When birds enough are in the net, the fowler draws his string, and the heads are wrung off. So when mortgages enough are taken, the loans are called in; discounts cease; curtailments are made; failures to pay ensue; writs issue; judgments and executions follow; all the mortgaged premises are for sale at once; and the attorney of the bank appears at the elbow of the marshal, sole bidder, and sole purchaser.

What is the legal effect of this vast capacity to acquire, and this legal power to retain, real estate? Is it not the creation of a new species of mortmain? And of a kind more odious and dangerous than the mortmain of the church which it baffled the English Parliament so many ages to abolish. The mortmain of the church was a power in an ecclesiastical corporation to hold real estate, independent of the laws of distribution and descent: the mortmain of the bank is a power in a lay corporation to do the same thing. The evil of the two tenures is identical; the difference between the two corporations is no more than the difference between partners and money changers; the capacity to do mischief incomparably the greatest on the part of the lay corporators. The church could only operate upon the few who were thinking of the other world; the bank, upon all who are immersed in the business or the pleasures of this. The means of the church were nothing but prayers; the means of the bank is money! The church received what it could beg from dying sinners; the bank may extort what it pleases from the whole living generation of the just and unjust. Such is the parallel between the mortmain of the two corporations. They both end in monop-

oly of estates and perpetuity of succession; and the bank is the greatest monopolizer of the two. Monopolies and perpetual succession are the bane of republics. Our ancestors took care to provide against them, by abolishing entails and primogeniture. All the States abolished the anti-republican tenures; but Congress reëstablishes them, and in a manner more dangerous and offensive than before the revolution. They are now given, not generally, but to few; not to natives only, but to foreigners also; for foreigners are large owners of this bank. And thus the principles of the revolution sink before the privileges of an incorporated company. The laws of the States fall before the mandates of a central directory in Philadelphia. Foreigners become the landlords of free-born Americans; and the young and flourishing towns of the United States are verging to the fate of the family boroughs which belong to the great aristocracy of England.

6. To deal in pawns, merchandise, and bills of exchange. This bank, in addition to all its other attributes, is an incorporated company of pawnbrokers! The allegation staggers belief, but a reference to the charter will dispel incredulity. The bank is forbidden to deal in merchandise—proviso, unless in the case of goods pledged for money lent, and not redeemed to the day; and, proviso, again, unless for goods which shall be the proceeds of its lands. With the help of these two provisos it is clear that the limitation is undone; it is clear that the bank is at liberty to act the pawnbroker and merchant to any extent that it pleases. It may say to all the merchants who want loans, Pledge your stores, gentlemen! They must do it, or do worse; and, if any accident prevents redemption on the day, the pawn is forfeited, and the bank takes possession. On the other hand, it may lay out its rents for goods; it may sell its real estate, now worth three millions of dollars, for goods. Bills of exchange are also subjected to the traffic of this bank. It is a traffic unconnected with the trade of banking, dangerous for a great bank to hold, and now operating most injuriously in the South and West. It is the process which drains these quarters of the Union of their gold and silver, and stifles the growth of a fair commerce in the products of the country. The merchants, to make remittances, buy bills of exchange from the branch banks, instead of buying produce from the farmers. The bills are paid for in gold and silver; and, eventually, the gold and silver are sent to the mother bank, or to the branches in the Eastern cities, either to meet these bills, or to replenish their coffers, and to furnish vast loans to favorite States or individuals. Under this system the best of the Western banks sunk ten years ago. Under this system the entire West is now undergoing a silent, general, and invisible drain of its hard money; and, if this is not quickly arrested, these States will soon be, as far as the precious metals are concerned, no more than the empty skin of an immolated victim.

7. To establish branches in the different States without their consent, and in defiance of their resistance. No one can deny the degrading and injurious tendency of this privilege. It derogates from the sovereignty of a State; tramples upon her laws; injures her revenue and commerce; lays open her government to the attacks of centralism; impairs the property of her citizens; and fastens a vampire on her bosom to suck out her gold and silver. The Southern States, with three-fifths of the marketable productions of the Union, are not able to sustain thirty specie-paying banks; while the minority of the States north of the Potomac, without any of the great staples for export, have above four hundred of such banks. These States, without rice, without cotton, without tobacco, without sugar, and with less flour and provisions, to export, are saturated with gold and silver, while the Southern and Western States, with all the real sources of wealth, are in a state of the utmost destitution.

The *National Intelligencer* of this morning exults on the quantity of gold and silver in the vaults of the United States Bank. It declares that institution to be "overburdened" with gold and silver; and well may it be so overburdened, since it has lifted the load entirely from the South and West.

8. Exemption of the stockholders from individual liability on the failure of the bank. This privilege derogates from the common law, is contrary to the principle of partnerships, and injurious to the rights of the community. When a bank fails, its assets are always less than its debits; so that responsibility fails the instant that liability accrues. Let no one say that the Bank of the United States is too great to fail. One greater than it and its prototype has failed, and that in our own day, and for twenty years at a time: the Bank of England failed in 1797, and the Bank of the United States was on the point of failing in 1819. The same cause, namely, stockjobbing and overtrading, carried both to the brink of destruction; the same means saved both, namely, the name, the credit, and the helping hand of the governments which protected them. Yes, the Bank of the United States may fail; and its stockholders live in splendor upon the princely estates acquired with its notes, while the in-

dustrious classes, who hold these notes, will be unable to receive a shilling for them. This is unjust. It is a vice in the charter. The true principle in banking requires each stockholder to be liable to the amount of his shares; and subjects him to the summary action of every holder on the failure of the institution, till he has paid up the amount of his subscription. This is the true principle. It has prevailed in Scotland for the last century, and no such thing as a broken bank has been known there in all that time.

9. To have the United States for a partner. Sir, there is one consequence, one result of all partnerships between a government and individuals, which should of itself, and in a mere mercantile point of view, condemn this association on the part of the Federal Government. It is the principle which puts the strong partner forward to bear the burthen whenever the concern is in danger. The weaker members flock to the strong partner at the approach of the storm, and the necessity of venturing more to save what he has already staked leaves him no alternative. He becomes the Atlas of the firm, and bears all upon his own shoulders. This is the principle: what is the fact? Why, that the United States has already been compelled to sustain the Federal bank; to prop it with her revenues and her credit in the trials and crisis of its early administration. I pass over other instances of the damage suffered by the United States on account of this partnership; the immense standing deposits for which we receive no compensation; the loan of five millions of our own money, for which we have paid a million and a half in interest; the five per cent. stock note, on which we have paid our partners four million seven hundred and twenty-five thousand dollars in interest; the loss of ten millions on the three per cent. stock, and the ridiculous catastrophe of the miserable *bonus*, which has been paid to us with a fraction of our own money: I pass over all this, and come to the point of a direct loss, as a partner, in the dividends upon the stock itself. Upon this naked point of profit and loss, to be decided by a rule in arithmetic, we have sustained a direct and heavy loss. The stock held by the United States, as everybody knows, was subscribed, not paid. It was a stock note, deposited for seven millions of dollars, bearing an interest of five per cent. The inducement to this subscription was the seductive conception that, by paying five per cent. on its note the United States would clear four or five per cent. in getting a dividend of eight or ten. This was the inducement; now for the realization of this fine conception. Let us see it. Here it is: an official return from

the Register of the Treasury of interest paid, and of dividends received. The account stands thus:

Interest paid by the United States,	$4,725,000
Dividends received by the United States,	4,629,426
Loss to the United States,	$95,574

Disadvantageous as this partnership must be to the United States in a moneyed point of view, there is a far more grave and serious aspect under which to view it. It is the political aspect, resulting from the union between the bank and the Government. This union has been tried in England, and has been found there to be just as disastrous a conjunction as the union of church and State. It is the conjunction of the lender and the borrower, and holy writ has told us which of these categories will be master of the other. But suppose they agree to drop rivalry, and unite their resources. Suppose they combine and make a push for political power: how great is the mischief which they may accomplish!

I wish to secure the Union from all chance of harm from this bank. I wish to provide against its friendship, as well as its enmity—against all danger from its hug, as well as from its blow.

10. To have foreigners for partners. This, Mr. President, will be a strange story to be told in the West. The downright and upright people of that unsophisticated region believe that words mean what they signify, and that "the Bank of the United States" is the Bank of the United States. How great then must be their astonishment to learn that this belief is a false conception, and that this bank (its whole name to the contrary nowithstanding) is just as much the bank of foreigners as it is of the Federal Government. The report of the Committee of Ways and Means, in the House of Representatives, for the last session of Congress, admits that foreigners own seven millions of the stock of this bank; and everybody knows that the Federal Government owns seven millions also.

Thus it is proved that foreigners are as deeply interested in this bank as the United States itself. In the event of a renewal of the charter they will be much more deeply interested than at present; for a prospect of a rise in the stock to two hundred and fifty, and the unsettled state of things in Europe, will induce them to make great investments. It is to no purpose to say that the foreign stockholders cannot be voters or directors. The answer to that suggestion is this: the foreigners have the money;

they pay down the cash, and want no accommodations; they are lenders, not borrowers; and in a great moneyed institution such stockholders must have the greatest influence.

If I have shown it to be dangerous for the United States to be in partnership with its own citizens, how much stronger is not the argument against a partnership with foreigners? What a prospect for loans when at war with a foreign power, and the subjects of that power large owners of the bank here, from which alone, or from banks liable to be destroyed by it, we can obtain money to carry on the war! What a state of things if, in the division of political parties, one of these parties, and the foreigners, coalescing, should have the exclusive control of all the money in the Union, and, in addition to the money, should have bodies of debtors, tenants, and bank officers stationed in all the States, with a supreme and irresponsible system of centralism to direct the whole! Dangers from such contingencies are too great and obvious to be insisted upon. They strike the common sense of all mankind, and were powerful considerations for the old whig republicans for the non-renewal of the charter of 1791. Mr. Jefferson and the whig republicans staked their political existence on the non-renewal of that charter. They succeeded; and, by succeeding, prevented the country from being laid at the mercy of British and ultra federalists for funds to carry on the last war. It is said the United States lost forty millions by using depreciated currency during the last war. That, probably, is a mistake of one-half. But be it so! For what are forty millions compared to the loss of the war itself—compared to the ruin and infamy of having the Government arrested for want of money—stopped and paralyzed by the reception of such a note as the younger Pitt received from the Bank of England in 1795, withdrawing its assistance from the Government?

11. Exemption from due course of law for violations of its charter.—It is the right of every citizen to set the laws in motion against every offender; and it is the constitution of the law, when set in motion, to work through, like a machine, regardless of powers and principalities, cutting down the guilty which may stand in its way. Not so in the case of this bank. In its behalf there are barriers erected between the citizen and his oppressor, between the wrong and the remedy, between the law and the offender. Instead of a right to sue out a *scire facias* or a *quo warranto*, the injured citizen, with an humble petition in his hand, must repair to the President of the United States, or to Congress, and crave their leave to do so.

If leave is denied (and denied it will be whenever the bank has a peculiar friend in the President, or a majority of such friends in Congress, the convenient pretext being always at hand that the general welfare requires the bank to be sustained), he can proceed no further. Thus the administration of justice is subject to be strangled in its birth for the shelter and protection of this bank. But this is not all. Another and most alarming mischief results from the same extraordinary privilege. It gives the bank a direct interest in the presidential and congressional elections; it gives it need for friends in Congress and in the presidential chair. Its fate, its very existence may often depend upon the friendship of the President and Congress; and, in such cases, it is not in human nature to avoid using the immense means in the hands of the bank to influence the elections of these officers.

An impartial President or Congress might let the laws take their course; those of a different temper might interpose their veto. What a crisis for the bank! It beholds the sword of Damocles suspended over its head! What an interest in keeping those away who might suffer the hair to be cut.

12. To have all these unjust privileges secured to the corporators as a monopoly by a pledge of the public faith to charter no other bank.—This is the most hideous feature in the whole mass of deformity. If these banks are beneficial institutions, why not several? one, at least, and each independent of the other, to each great section of the Union? If malignant, why create one? The restriction constitutes the monopoly, and renders more invidious what was sufficiently hateful in itself. It is, indeed, a double monopoly, legislative as well as banking; for the Congress of 1816 monopolized the power to grant these monopolies. It has tied up the hands of its successors; and if this can be done on one subject, and for twenty years, why not upon all subjects, and for all time?

Fourthly. I object, Mr. President, to the renewal of the bank charter, because this bank is an institution too costly and expensive for the American people to keep up.

Let no one cavil at this head of objection, under the belief that the Bank of the United States supports itself, like the hibernal bear, by sucking its own paws; or that it derives its revenues, as a spider spins its web, from the recesses of its own abdomen. Such a belief would be essentially erroneous, and highly unbecoming the intelligence of the nineteenth century. The fact is that the bank lives upon the people; that all its expenses are made out of the people; all its profits derived from,

and all its losses reimbursed by, them. This is the naked truth; by consequence every shilling held, or issued, by the bank, over and above the capital stock, is a tax upon the people. In the case of every other tax, in all the contributions levied for the purposes of Government, there is some alleviation of the burden—some restitution of the abducted treasure—some return to the people—some reinfusion of strength into their ranks—in the customary reimbursement of the revenue. The Government usually pays it back, or a portion of it for salaries, services, and supplies. But, in the case of the bank tax, there is nothing of this reimbursement. The bank refunds nothing; but all the money it makes out of the people is gone from them forever. It goes into a corner of the Union, and remains there; it goes into private hands, and becomes individual property. The stockholders divide it among themselves. Twice, in every year, they make the division of these modern *spolia opima*—these dearest spoils—not of the enemy's general killed in battle, but of American citizens fleeced at home. This is a grievous aggravation of the amount of the tax. It is the aggravation which renders taxation insupportable. It is "absenteeism" in a new and legalized form. It is the whole mischief of that system of absenteeism, which drains off the wealth of Ireland to fertilize England, France, and Italy, leaving Ireland itself the most distressed and exhausted country in Europe, instead of remaining, as God created it, one of the richest and most flourishing. Eternal drawing out, and no bringing back, is a process which no people, or country, can endure. It is a process which would exhaust the resources of nature herself. The earth would be deprived of its moisture, and changed into a desert, if the exhalations of the day did not return in dews at night. The vast ocean itself, with all its deep and boundless waters, would be sucked up and dried away, if the vapors drawn up by the sun did not form into clouds, and descend in rain and snow. So will any people be exhausted of their wealth, no matter how great that wealth may be, whose miserable destiny shall subject them to a system of taxation which is forever levying, and never refunding: a system whose cry is that of the horse leech, more! more! more!—whose voice is that of the grave, give! give! give! —whose attribute is that of the grave also, never to render back!—and such precisely is the system of taxation to which the people of these States are now subjected by the federal bank.

I am willing to see the charter expire, without providing any substitute for the present bank. I am willing to see the currency of the Federal Government left to the hard money men-

tioned and intended in the Constitution; I am willing to have a hard-money government, as that of France has been since the time of *assignats* and *mandats*. Every species of paper might be left to the State authorities, unrecognized by the Federal Government, and only touched by it for its own convenience when equivalent to gold and silver. Such a currency filled France with the precious metals, when England, with her overgrown bank, was a prey to all the evils of unconvertible paper. It furnished money enough for the imperial Government when the population of the empire was three times more numerous, and the expenses of government twelve times greater, than the population and expenses of the United States; and, when France possessed no mines of gold or silver, and was destitute of the exports which command the specie of other countries. The United States possess gold mines, now yielding half a million per annum, with every prospect of equaling those of Peru. But this is not the best dependence. We have what is superior to mines, namely, the exports which command the money of the world; that is to say, the food which sustains life, and the raw materials which sustain manufactures. Gold and silver is the best currency for a republic; it suits the men of middle property and the working people best; and, if I was going to establish a workingman's party, it should be on the basis of hard money; a hard-money party against a paper party.

The Senate by an adverse vote refused leave for the introduction of the resolution.

In his message at the opening of the next session of Congress (December 6, 1831) the President stated that, after discharging his constitutional duty by bringing the matter before the national legislature, he now left the question of renewing the bank's charter to the people. This was in effect a notice that he would make it a leading issue in the coming presidential campaign.

The National Republican party, at its convention on December 12, 1831, accepted the challenge, and nominated as its candidates Henry Clay [Ky.] and John Sergeant [Pa.], prominent advocates of the bank, upon a platform approving the institution as wholly beneficial and as essential to the business of the country.

Owing to the fact that Congress at this time was in favor of the bank, Clay instigated the officers of the insti-

tution to apply for a new charter even though the old one had four years to run.

Clay reasoned, in his own interest, that the passage of the bill would give him an advantage over Jackson by doubly fortifying his defensive position. He already counted on wresting the Democratic State of Pennsylvania from his opponent, owing to the universal sentiment in that State in favor of the bank, which had been expressed in a unanimous endorsement of the institution by the legislature.

The application for the new charter was made in the Senate on January 9, 1832, through George M. Dallas [Pa.]. It came up for discussion on May 23.

Renewal of the Bank Charter

Senate, May 23, 1832

Senator Dallas upheld the motion, saying:

The committee could not be insensible, not merely to the inutility, but to the positively disastrous consequences, to the people, and to their Government, of substituting, for the present, another Bank of the United States; of compelling this to close its enormous business, or to transfer it to other hands; of leaving the immense interests of the industrious, enterprising, and prosperous people of our country, to the extent of more than a hundred millions of dollars, to be rapidly, if not suddenly, shifted in arrangement, responsibility, and connection; or of again committing the monetary system of the entire Confederacy to the charge of local and detached and conflicting State institutions, over which no control whatever could be exercised. Such an unnecessary, involuntary, forced diversion of the great streams of commercial and moneyed operations could not be effected without incalculable and incurable injury to every class, and especially to the laborious, and most worthy, and most useful class, and without sacrificing many of the great purposes of government for which the Constitution was formed. Wherefore, indeed, should such an experiment be made? The practical operations of the existing bank, under its now matured system, have attained every desired object. The currency is uniform, and representing a metallic basis; it is better for all purposes than gold or silver. The collection and distribution of

the nation's revenue are gently, safely, and satisfactorily effected. Facilities of every description had been experienced in the financial movements of the Government. Salutary checks and remedies had been applied to the irregularities and fluctuations of foreign and domestic exchanges. And in all parts of the country, particularly in the progressive and enterprising regions of the West, capital and accommodation, at all times and without stint, had, in a manner alike salutary and judicious, been accorded to the people.

Daniel Webster [Mass.] also spoke in favor of the bank, particularly as a means of giving stability to the currency. He said:

The influence of the bank, Mr. President, on the interests of the Government, and the interests of the people, may be considered in several points of view. It may be regarded as it affects the currency of the country; as it affects the collection and disbursement of the public revenue; as it respects foreign exchanges; as it respects domestic exchanges; and as it affects, either generally or locally, the agriculture, commerce, or manufactures of the Union.

First, as to the currency of the country. This is, at all times, a most important political object. A sound currency is an essential and indispensable security for the fruits of industry and honest enterprise. Every man of property or industry, every man who desires to preserve what he honestly possesses, or to obtain what he can honestly earn, has a direct interest in maintaining a safe circulating medium; such a medium as shall be a real and substantial representative of property, not liable to vibrate with opinions, not subject to be blown up or blown down by the breath of speculation, but made stable and secure, by its immediate relation to that which the whole world regards as of permanent value. A disordered currency is one of the greatest of political evils. It undermines the virtues necessary for the support of the social system, and encourages propensities destructive of its happiness. It wars against industry, frugality, and economy; and it fosters the evil spirits of extravagance and speculation. Of all the contrivances for cheating the laboring classes of mankind, none has been more effectual than that which deludes them with paper money. This is the most effectual of inventions to fertilize the rich man's field by the sweat of the poor man's brow. Ordinary tyranny, oppression, excessive taxation, these bear lightly on the happiness of

the mass of the community, compared with fraudulent currencies, and the robberies committed by depreciated paper. Our own history has recorded for our instruction enough, and more than enough, of the demoralizing tendency, the injustice, and the intolerable oppression on the virtuous and well-disposed of a degraded paper currency, authorized by law, or in any way countenanced by Government.

We all know, sir, that the establishment of a sound and uniform currency was one of the great ends contemplated in the adoption of the present Constitution. It cannot well be questioned that it was intended by that Constitution to submit the whole subject of the currency of the country, all that regards the actual medium of payment and exchange, whatever that should be, to the control and legislation of Congress. But, notwithstanding this apparent purpose in the Constitution, the truth is that the currency of the country is now, to a very great extent, practically and effectually under the control of the several State governments; if it be not more correct to say that it is under the control of the banking institutions created by the States: for the States seem first to have taken possession of the power, and then to have delegated it.

Whether the States can constitutionally exercise this power, or delegate it to others, is a point which I do not intend, at present, either to concede or to argue. It is much to be hoped that no controversy on the point may ever become necessary. But it is a matter highly deserving of consideration that, although clothed by the Constitution with exclusive power over the metallic currency, Congress, unless through the agency of a bank established by its authority, has no control whatever over that which, in the character of a mere representative of the metallic currency, fills up almost all the channels of pecuniary circulation.

In the absence of a Bank of the United States, the State banks become effectually the regulators of the public currency. Their numbers, their capital, and the interests connected with them give them, in that state of things, a power which nothing is competent to control.

I am of opinion, sir, that a well-conducted national bank has an exceedingly useful and effective operation on the general paper circulation of the country. I think its tendency is manifestly to restrain, within some bounds, the paper issues of other institutions. If it be said, on the other hand, that these institutions in turn hold in check the issues of the national bank, so much the better. Let that check go to its full extent. An over-

issue by the bank itself no one can desire. But it is plain that, by holding the State institutions, which come into immediate contact with itself and its branches, to an accountability for their issues, not yearly or quarterly, but daily and hourly, an important restraint is exercised. Be it remembered always that what it is to expect from others it is to perform itself; and that its own paper is at all times to turn into coin by the first touch of its own counter.

The bill passed the Senate on June 11, 1832, by a vote of 28 to 20, and the House on July 3 by a vote of 109 to 76. It was charged that the bank had secured its passage by making loans to Congressmen, and a partisan anti-bank committee of investigation, subsequently appointed by the Democratic Speaker of the House, Andrew Stevenson [Va.], reported that, for three years, from 54 to 59 Congressmen had been so accommodated.

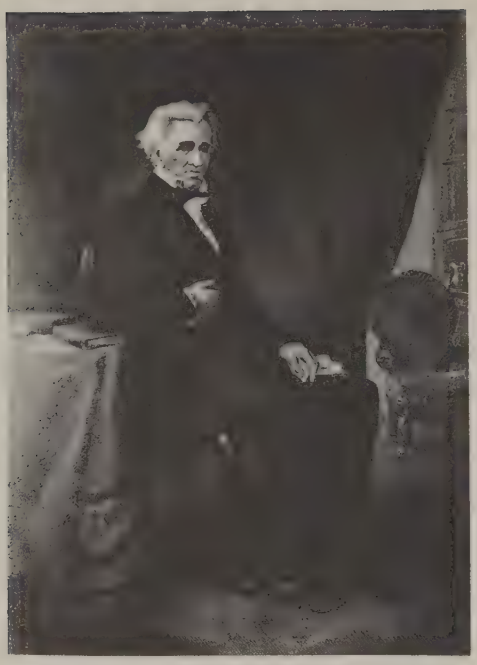
The Opposition felt that it had won a decisive victory in the passage of the bill, because no veto was to be expected, since the Supreme Court, in the case of McCulloch *vs.* Maryland (4 Wheat. 316), had declared that the act of April 10, 1816, incorporating the Bank of the United States, was in "pursuance of the Constitution."

But their expectation was confuted, at once and with great effectiveness, by a message from the President on July 10, 1832, vetoing the bill, and presenting bold and cogent reasons for this action. After a long argument against the abuses of the bank, he said:

Veto of the National Bank

Message of President Jackson, July 10, 1832

It is maintained by the advocates of the bank that its constitutionality, in all its features, ought to be considered as settled by precedent, and by the decision of the Supreme Court. To this conclusion I cannot assent. Mere precedent is a dangerous source of authority, and should not be regarded as deciding questions of constitutional power, except where the acquiescence of the people and the States can be considered as well settled. So far from this being the case on this subject, an argument against the bank might be based on precedent. One Con-



Andrew Jackson

gress, in 1791, decided in favor of a bank; another, in 1811, decided against it. One Congress, in 1815, decided against a bank; another, in 1816, decided in its favor. Prior to the present Congress, therefore, the precedents drawn from that source were equal. If we resort to the States, the expressions of legislative, judicial, and executive opinions against the bank have been, probably, to those in its favor as four to one. There is nothing in precedent, therefore, which, if its authority were admitted, ought to weigh in favor of the act before me.

If the opinion of the Supreme Court covered the whole ground of this act, it ought not to control the coördinate authorities of this Government. The Congress, the Executive, and the court must each for itself be guided by its own opinion of the Constitution. Each public officer who takes an oath to support the Constitution swears that he will support it as he understands it, and not as it is understood by others. It is as much the duty of the House of Representatives, of the Senate, and of the President to decide upon the constitutionality of any bill or resolution which may be presented to them for passage or approval as it is of the supreme judges, when it may be brought before them for judicial decision. The opinion of the judges has no more authority over Congress than the opinion of Congress has over the judges; and on that point the President is independent of both. The authority of the Supreme Court must not, therefore, be permitted to control the Congress or the Executive, when acting in their legislative capacities, but to have only such influence as the force of their reasoning may deserve.

But, in the case relied upon, the Supreme Court have not decided that all the features of this corporation are compatible with the Constitution. It is true that the court have said that the law incorporating the bank is a constitutional exercise of power by Congress. But taking into view the whole opinion of the court, and the reasoning by which they have come to that conclusion, I understand them to have decided that, inasmuch as a bank is an appropriate means for carrying into effect the enumerated powers of the general Government, therefore the law incorporating it is in accordance with that provision of the Constitution which declares that Congress shall have power "to make all laws which shall be necessary and proper for carrying those powers into execution." Having satisfied themselves that the word "necessary," in the Constitution, means "needful," "requisite," "essential," "conducive to," and that "a bank" is a convenient, a useful, and essential instrument in the prosecution of the Government's "fiscal operations," they conclude

that to "use one must be within the discretion of Congress"; and that "the act to incorporate the Bank of the United States is a law made in pursuance of the Constitution." "But," say they, "where the law is not prohibited, and is really calculated to effect any of the objects intrusted to the Government, to undertake here to inquire into the degree of its necessity would be to pass the line which circumscribes the judicial department, and to tread on legislative ground."

The principle here affirmed is that the "degree of its necessity," involving all the details of a banking institution, is a question exclusively for legislative consideration. A bank is constitutional; but it is the province of the legislature to determine whether this or that particular power, privilege, or exemption is "necessary and proper" to enable the bank to discharge its duties to the Government; and from their decision there is no appeal to the courts of justice. Under the decision of the Supreme Court, therefore, it is the exclusive province of Congress and the President to decide whether the particular features of this act are "necessary and proper," in order to enable the bank to perform, conveniently and efficiently, the public duties assigned to it as a fiscal agent, and therefore constitutional, or unnecessary and improper, and therefore unconstitutional.

In this manner President Jackson checked, to the aggrandizement of his own office, the power of the Supreme Court, which, since the accession of John Marshall to the Supreme Bench in 1801, had been extending its authority above that of both the legislative and executive branches of the Government.

A debate ensued in the Senate on the message, in which Daniel Webster [Mass.] and Henry Clay [Ky.] denounced the President's action, and Hugh L. White [Tenn.] and Thomas H. Benton [Mo.] defended it.

On the President's Veto

Senate, July 11-12, 1832

Senator Webster.—Mr. President, we have arrived at a new epoch. We are entering on experiments with the Government and the Constitution of the country, hitherto untried, and of fearful and appalling aspect. This message calls us to the contemplation of a future which little resembles the past. Its

principles are at war with all that public opinion has sustained, and all which the experience of the Government has sanctioned. It denies first principles. It contradicts truths heretofore received as indisputable. It denies to the judiciary the interpretation of law, and demands to divide with Congress the origination of statutes. It extends the grasp of Executive pretension over every power of the Government. But this is not all. It presents the Chief Magistrate of the Union in the attitude of arguing away the powers of that Government over which he has been chosen to preside; and adopting, for this purpose, modes of reasoning which, even under the influence of all proper feeling toward high official station, it is difficult to regard as respectable. It appeals to every prejudice which may betray men into a mistaken view of their own interests; and to every passion which may lead them to disobey the impulses of their understanding. It urges all the specious topics of State rights and national encroachment, against that which a great majority of the States have affirmed to be rightful, and in which all of them have acquiesced. It sows, in an unsparing manner, the seeds of jealousy and ill will against that government of which its author is the official head. It raises a cry that liberty is in danger, at the very moment when it puts forth claims to power heretofore unknown and unheard of. It affects alarm for the public freedom, when nothing so much endangers that freedom as its own unparalleled pretences. This, even, is not all. It manifestly seeks to influence the poor against the rich. It wantonly attacks whole classes of the people for the purpose of turning against them the prejudices and resentments of other classes. It is a State paper which finds no topic too exciting for its use; no passion too inflammable for its address and its solicitation. Such is the message. It remains now for the people of the United States to choose between the principles here avowed and their Government. These cannot subsist together. The one or the other must be rejected. If the sentiments of the message shall receive general approbation, the Constitution will have perished even earlier than the moment which its enemies originally allowed for the termination of its existence. It will not have survived to its fiftieth year.

Senator White.—Mr. President, in submitting this message, one of the highest duties of the Chief Magistrate has been performed. Under peculiar and trying circumstances he has given his sentiments, plainly and frankly, as he believed his duty required.

When the excitement of the time in which we act shall have

passed away, and the historian and biographer shall be employed in giving his account of the acts of our most distinguished public men, and comes to the name of Andrew Jackson; when he shall have recounted all the great and good deeds done by this man in the course of a long and eventful life, and the circumstances under which this message was communicated shall have been stated, the conclusion will be that, in doing this, he has shown a willingness to risk more to promote the happiness of his fellow men, and to secure their liberties, than by the doing of any other act whatever.

SENATOR CLAY.—The veto is an extraordinary power, which, though tolerated by the Constitution, was not expected by the convention to be used in ordinary cases. It was designed for instances of precipitate legislation, in unguarded moments. Thus restricted, and it had been thus restricted by all former Presidents, it might not be mischievous. During Mr. Madison's Administration of eight years there had occurred but two or three cases of its exercise. During the last Administration I do not now recollect that it was once. In a period little upward of three years the present Chief Magistrate has employed the veto four times. We now hear quite frequently, in the progress of measures through Congress, the statement that the President will veto them urged as an objection to their passage.

The veto is hardly reconcilable with the genius of representative government. It is totally irreconcilable with it, if it is to be frequently employed, in respect to the expediency of measures, as well as their constitutionality. It is a feature of our Government borrowed from a prerogative of the British King. And it is remarkable that in England it has grown obsolete, not having been used for upward of a century. At the commencement of the French revolution, in discussing the principles of their Constitution, in the national convention, the veto held a conspicuous figure. The gay, laughing population of Paris bestowed on the King the appellation of Monsieur Veto, and the Queen that of Madame Veto. The convention finally decreed that, if a measure rejected by the King should obtain the sanction of the two concurring legislatures, it should be a law, notwithstanding the veto. In the constitution of Kentucky, and perhaps in some of the State constitutions, it is provided that if, after the rejection of a bill by the governor, it shall be passed by a majority of all the members elected to both Houses it shall become a law, notwithstanding the governor's objections. As a coördinate branch of the Government, the Chief Magistrate has great weight. If, after a respectful

consideration of his objections urged against a bill, a majority of all the members elected to the legislature shall still pass it, notwithstanding his official influence and the force of his reasons, ought it not to become a law? Ought the opinion of one man to overrule that of a legislative body twice deliberately expressed?

It cannot be imagined that the convention contemplated the application of the veto to a question which has been so long, so often, and so thoroughly scrutinized as that of the Bank of the United States, by every department of the Government, in almost every stage of its existence, and by the people, and by the State legislatures. Of all the controverted questions which have sprung up under our Government, not one has been so fully investigated as that of its power to establish a Bank of the United States. More than seventeen years ago, in January, 1815, Mr. Madison then said in a message to the Senate of the United States: "Waiving the question of the constitutional authority of the legislature to establish an incorporated bank, as being precluded, in my judgment, by repeated recognitions, under varied circumstances, of the validity of such an institution, in acts of the legislative, executive, and judicial branches of the Government, accompanied by indications, in different modes, of a concurrence of the general will of the nation." Mr. Madison, himself opposed to the first Bank of the United States, yielded his own convictions to those of the nation, and all the departments of the Government thus often expressed.

After the President had directed public attention to this question in 1829, it became not only a topic of popular conversation, but was discussed in the press, and employed as a theme in popular elections. It seemed as if a sort of general order had gone out from headquarters to the partisans of the Administration everywhere, to agitate and make the most of the question. They have done so: and their condition now reminds me of the fable invented by Dr. Franklin of the Eagle and the Cat, to demonstrate that Æsop had not exhausted inventions in the construction of his memorable fables. The eagle, you know, Mr. President, pounced, from his lofty flight in the air, upon a cat, taking it to be a pig. Having borne off his prize, he quickly felt most painfully the paws of the cat thrust deeply into his sides and body. While flying, he held a parley with the supposed pig, and proposed to let go his hold, if the other would let him alone. No, says puss, you brought me from yonder earth below, and I will hold fast to you until you carry me back; a condition to which the eagle readily assented.

The friends of the President, who have been for nearly three years agitating this question, now turn round upon their opponents who have supposed the President quite serious and in earnest in presenting it for public consideration, and charge them with prematurely agitating it. And that for electioneering purposes! The other side understands perfectly the policy of preferring an unjust charge in order to avoid a well-founded accusation.

Mr. President, we are about to close one of the longest and most arduous sessions of Congress under the present Constitution; and, when we return among our constituents, what account of the operations of their Government shall we be bound to communicate? We shall be compelled to say that the Supreme Court is paralyzed; that the Executive, through the Secretary of the Treasury, sent to Congress a tariff bill which would have destroyed numerous branches of our domestic industry, and led to the final destruction of all; that the veto has been applied to the Bank of the United States, our only reliance for a sound and uniform currency; that the Senate has been violently attacked for the exercise of a clear constitutional power; that the House of Representatives has been unnecessarily assailed; and that the President has promulgated a rule of action for those who have taken the oath to support the Constitution of the United States, that must, if there be practical conformity to it, introduce general nullification, and end in the absolute subversion of the Government.

Senator Benton turned the point of Dr. Franklin's fable in another direction than Senator Clay had done. He said:

An eagle towering in his pride of height was—not by a mousing owl, but by a pig under a jimpson weed—not hawked and killed, but caught and whipped. The opening he thought grand; the conclusion rather bathotic. The mistake of the sharp-eyed bird of Jove, he thought, might be attributed to old age dimming the sight, and to his neglect of his spectacles that morning. He was rather surprised at the whim of the cat in not choosing to fall, seeing that a cat (unlike a politician sometimes) always falls on its legs; but concluded it was a piece of pride in puss, and a wish to assimilate itself still closer to an aëronaut; and, having gone up pendant to a balloon, it would come down artistically, with a parachute spread over its head. It was a pretty fable, and well told; but the moral—the appli-

cation? Æsop always had a moral to his fable; and Dr. Franklin, his imputed continuator in this particular, though not yet the rival of his master in fabulous reputation, yet had a large sprinkling of practical sense; and never wrote or spoke without a point and an application. And now, what is the point here? And the Senator from Kentucky has not left that to be inferred; he has told it himself. General Jackson is the eagle; the bank is the cat; the parley is the proposition of the bank to the President to sign its charter, and it will support him for the presidency—if not, will keep his claws stuck in his sides. But, Jackson, different from the eagle with his cat, will have no compromise or bargain with the bank. One or the other shall fall, and be dashed into atoms!

CHAPTER V

Censure of President Jackson

[for his removal of government deposits from the united states bank]

President Jackson Removes Government Deposits from the United States Bank—The House Supports the President, and the Bank Terminates Its Existence as a National Institution—The Senate Censures the President for His Action—Debate on the Resolution of Censure: in Favor, Henry Clay [Ky.], John C. Calhoun [S. C.]; Opposed, Thomas H. Benton [Mo.]—The Resolution Is Expunged (1837).

IN his fourth annual message of December 4, 1832, President Jackson stated that the Bank of the United States was insolvent, and recommended that the Government's stock in it be sold. This recommendation was not followed by the old Congress, which was anti-Jackson in sentiment. The President thereupon took it upon himself to remove the Government's deposits of money from the bank (or, more strictly, to cease making new deposits, and drawing on the old for Government expenses), justifying his action by the unsafe condition of the bank's affairs, and its conversion into a "permanent electioneering machine" (Annual Message, December, 1833). The Secretary of the Treasury, William J. Duane, had refused to make the removal, whereupon the President replaced him with Roger B. Taney, who carried out the Executive orders. The funds were then deposited in certain State banks, which, because favoritism in their selection was charged, were called "pet banks."

This action of the President became the leading subject of controversy in the next Congress, which met on December 2, 1833. The new House was pro-Jackson, while the Senate remained opposed to the President.

The Senate censured the President for his action, and the House, after a debate continuing through almost the entire session, on April 4, 1834, voted (1) that the bank ought not to be rechartered, (2) that the deposits ought not to be restored, (3) that they should be left in the State banks, and (4) that the affairs of the bank should be investigated. Owing to the obstacles the bank placed in the way the investigation was fruitless. The bank, however, realized that it was doomed, and so applied for a charter from Pennsylvania, receiving which it subsided into a State bank.

The chief speakers in the Senate upon the censure of the President were Henry Clay [Ky.] and John C. Calhoun [S. C.] in favor of censure[1], and Thomas H. Benton [Mo.] opposed to it.

Censure of President Jackson for Removing the Bank Deposits

Senate Session of 1833-34

Senator Clay.—Mr. President, when Congress adjourned at the termination of the last session, there was one remnant of its powers—that over the purse—left untouched. The two most important powers of civil government are those of the sword and purse; the first, with some restrictions, is confided by the Constitution to the Executive, and the last to the legislative department. If they are separate, and exercised by different responsible departments, civil liberty is safe; but, if they are united in the hands of the same individual, it is gone. That clear-sighted and revolutionary orator and patriot, Patrick Henry, justly said, in the Virginia convention, in reply to one of his opponents, "'Let him candidly tell me where and when did freedom exist, when the sword and purse were given up from the people? Unless a miracle in human affairs interposed, no nation ever retained its liberty after the loss of the sword and the purse. Can you prove, by any argumentative deduction, that it is possible to be safe without one of them? If you give them up, you are gone."

Up to the period of the termination of the last session of Congress, the exclusive constitutional power of Congress over

[1] These two statesmen had entered into a coalition against the President.

the treasury of the United States had never been contested. Prior to the establishment of the present Bank of the United States, no treasury or place had been provided or designated by law for the safe keeping of the public moneys, but the treasurer was left to his own discretion and responsibility. When the existing bank was established, it was provided that the public moneys should be deposited with it, and, consequently, that bank became the treasury of the United States; for, whatever place is designated by law for the keeping of the public money of the United States, under the care of the treasurer of the United States, is, for the time being, the treasury. Its safety was drawn in question by the Chief Magistrate, and an agent was appointed a little more than a year ago to investigate its ability. He reported to the Executive that it was perfectly safe. His apprehensions of its solidity were communicated by the President to Congress, and a committee was appointed to examine the subject; they also reported in favor of its security. And finally, among the last acts of the House of Representatives, prior to the close of the last session, was the adoption of a resolution, manifesting its entire confidence in the ability and solidity of the bank.

After all these testimonies to the perfect safety of the public moneys in the place appointed by Congress, who could have supposed that the place would have been changed? Who could have imagined that, within sixty days of the meeting of Congress, and, as it were, in utter contempt of its authority, the change should have been ordered? Who would have dreamed that the treasurer should have thrown away the single key to the treasury, over which Congress held ample control, and accepted, in lieu of it, some dozens of keys, over which neither Congress nor he has any adequate control? Yet, sir, all this has been done; and it is now our solemn duty to inquire, 1st. By whose authority it has been ordered; and, 2d. Whether the order has been given in conformity with the Constitution and laws of the United States.

I agree, sir, and I am very happy whenever I can agree with the President, as to the immense importance of these questions. He says, in the paper which I hold in my hand, that he looks upon the pending question as involving higher considerations than the "mere transfer of a sum of money from one bank to another. Its decision may affect the character of our Government for ages to come." And, with him, I view it as "of transcendent importance, both in the principles and the consequences it involves." It is a question of all time, for posterity

as well as for us—of constitutional government or monarchy—of liberty or slavery. As I regard it, I hold the bank as nothing, as perfectly insignificant, faithful as it has been in the performance of all its duties. I hold a sound currency as nothing, essential as it is to the prosperity of every branch of business, and to all conditions of society, and efficient as the agency of the bank has been in providing the country with a currency as sound as ever existed, and unsurpassed by any in Christendom. I consider even the public faith, sacred and inviolable as it ever should be, as comparatively nothing. All these questions are merged in the greater and mightier question of the constitutional distribution of the powers of the Government, as affected by the recent executive innovation. The real inquiry is, Shall all the barriers which have been erected by the caution and wisdom of our ancestors, for the preservation of civil liberty, be prostrated and trodden under foot, and the sword and the purse be at once united in the hands of one man? Shall the power of Congress over the treasury of the United States, hitherto never contested, be wrested from its possession, and be henceforward wielded by the Chief Magistrate?

The President says that "upon him has been devolved, by the Constitution and the suffrages of the American people, the duty of superintending the operation of the executive departments of the Government and seeing that the laws are faithfully executed." If there existed any such double source of executive power, it has been seen that the Treasury Department is not an executive department; but that, in all that concerns the public treasury, the Secretary is the agent or representative of Congress, acting in obedience to their will, and maintaining a direct intercourse with them. By what authority does the President derive power from the mere result of an election? In another part of this same cabinet paper he refers to the suffrages of the people as a source of power, independent of a system in which power has been most carefully separated, and distributed between three separate and independent departments. We have been told a thousand times, and all experience assures us, that such a division is indispensable to the existence and preservation of freedom. We have established and designated offices, and appointed officers in each of those departments, to execute the duties respectively allotted to them. The President, it is true, presides over the whole; specific duties are often assigned by particular laws to him alone, or to other officers under his superintendence. His parental eye is presumed to survey the whole extent of the system in all its movements;

but has he power to come into Congress, and to say such laws only shall you pass; to go into the courts, and prescribe the decisions which they may pronounce; or even to enter the offices of administration, and, where duties are specifically confided to those officers, to substitute his will to their duty? Or has he a right, when those functionaries, deliberating upon their own solemn obligations to the people, have moved forward in their assigned spheres, to arrest their lawful progress, because they have dared to act contrary to his pleasure? No, sir; no, sir. His is a high and glorious station, but it is one of observation and superintendence. It is to see that obstructions in the forward movement of government, unlawfully interposed, shall be abated by legitimate and competent means.

What security have the people against the lawless conduct of any President? Where is the boundary to the tremendous power which he has assumed? Sir, every barrier around the public treasury is broken down and annihilated. From the moment that the President pronounced the words, "This measure is my own; I take upon myself the responsibility of it," every safeguard around the treasury was prostrated, and henceforward it might as well be at the Hermitage.[1] The measure adopted by the President is without precedent. I beg pardon—there is one; but we must go down for it to the commencement of the Christian era. It will be recollected by those who are conversant with Roman history that, after Pompey was compelled to retire to Brundusium, Cæsar, who had been anxious to give him battle, returned to Rome, "having reduced Italy," says the venerable Plutarch, "in sixty days—[the exact period between the day of the removal of the deposits and that of the commencement of the present session of Congress, without the usual allowance of any days of grace]—in sixty days, without bloodshed." The biographer proceeds:

"Finding the city in a more settled condition than he expected, and many senators there, he addressed them in a mild and gracious manner [as the President addressed his late Secretary of the Treasury], and desired them to send deputies to Pompey with an offer of honorable terms of peace, &c. As Metellus, the tribune, opposed his taking money out of the public treasury, and cited some laws against it—[such, sir, I suppose, as I have endeavored to cite on this occasion]—Cæsar said, 'Arms and laws do not flourish together. If you are not pleased at what I am about, you have only to withdraw. [Leave the office, Mr. Duane!] War, indeed, will not tolerate much liberty of

[1] The name of Andrew Jackson's home in Tennessee.

speech. When I say this, I am renouncing my own right; for you, and all those whom I have found exciting a spirit of faction against me, are at my disposal.' Having said this, he approached the doors of the treasury, and, as the keys were not produced, he sent for workmen to break them open. Metellus again opposed him, and gained credit with some for his firmness; but Cæsar, with an elevated voice, threatened to put him to death if he gave him any further trouble. 'And you know very well, young man,' said he, 'that this is harder for me to say than to do.' Metellus, terrified by the menace, retired; and Cæsar was afterward easily and readily supplied with everything necessary for that war."

For more than fifteen years, Mr. President, I have been struggling to avoid the present state of things. I thought I perceived, in some proceedings, during the conduct of the Seminole war, a spirit of defiance to the Constitution and to all law. With what sincerity and truth—with what earnestness and devotion to civil liberty I have struggled the Searcher of all human hearts best knows. With what fortune, the bleeding Constitution of my country now fatally attests.

I have, nevertheless, persevered; and, under every discouragement, during the short time that I expect to remain in the public councils I will persevere. And if a bountiful Providence would allow an unworthy sinner to approach the throne of grace, I would beseech Him, as the greatest favor He could grant to me here below, to spare me until I live to behold the people, rising in their majesty, with a peaceful and constitutional exercise of their power, to expel the Goths from Rome; to rescue the public treasury from pillage, to preserve the constitution of the United States; to uphold the Union against the danger of the concentration and consolidation of *all* power in the hands of the Executive; and to sustain the liberties of the people of this country against the imminent perils to which they now stand exposed.

The eyes and the hopes of the American people are anxiously turned to Congress. They feel that they have been deceived and insulted; their confidence abused; their interest betrayed; and their liberties in danger. They see a rapid and alarming concentration of all power in one man's hands. They see that, by the exercise of the positive authority of the Executive, and his negative power exerted over Congress, the will of one man alone prevails, and governs the republic. The question is no longer what laws will Congress pass, but what will the Executive not veto? The President, and not Congress, is ad-

dressed for legislative action. We have seen a corporation, charged with the execution of a great national work, dismiss an experienced, faithful, and zealous president, afterwards testify to his ability by a voluntary resolution, and reward his extraordinary services by a large gratuity, and appoint in his place an executive favorite, totally inexperienced and incompetent, to propitiate the President. We behold the usual incidents of approaching tyranny. The land is filled with spies and informers, and detraction and denunciation are the orders of the day. People, especially official incumbents in this place, no longer dare speak in the fearless tones of manly freemen, but in the cautious whispers of trembling slaves. The premonitory symptoms of depotism are upon us; and if Congress do not apply an instantaneous and effective remedy, the fatal collapse will soon come on, and we shall die—ignobly die—base, mean, and abject slaves; the scorn and contempt of mankind; unpitied, unwept, unmourned!

Senator Benton.—The Senator from Kentucky calls upon the people to rise and drive the Goths from the capitol. Who are those Goths? They are General Jackson and the Democratic party,—he just elected President over the Senator himself, and the party just been made the majority in the House—all by the vote of the people. It is their act that has put these Goths in possession of the capitol to the discomfiture of the Senator and his friends; and he ought to be quite sure that he felt no resentment at an event so disastrous to his hopes, when he has indulged himself with so much license in vituperating those whom the country has put over him.

The Senator from Kentucky says the eyes and the hopes of the country are now turned upon Congress. Yes, Congress is his word, and I hold him to it. And what do they see? They see one House of Congress—the one to which the Constitution gives the care of the purse, and the origination of impeachments, and which is fresh from the popular elections; they see that body with a majority of above fifty in favor of the President and the Secretary of the Treasury, and approving the act which the Senator condemns. They see that popular approbation in looking at one branch of Congress, and the one charged by the Constitution with the inquisition into federal grievances. In the other branch they see a body far removed from the people, neglecting its proper duties, seizing upon those of another branch, converting itself into a grand inquest, and trying offences which itself prefers; and in a spirit which bespeaks a zeal quickened by the sting of personal mortification. He says

the country feels itself deceived and betrayed—insulted and wronged—its liberties endangered—and the treasury robbed; the representatives of the people in the other House say the reverse of all this—that the President has saved the country from the corrupt domination of a great corrupting bank, by taking away from her the public money which she was using in bribing the press, subsidizing members, purchasing the venal, and installing herself in supreme political power.

The Senator wishes to know what we are to do? What is our duty to do? I answer, to keep ourselves within our constitutional duties—to leave this impeachment to the House of Representatives—leave it to the House to which it belongs, and to those who have no private griefs to avenge—and to judges, each of whom should retire from the bench, if he happened to feel in his heart the spirit of a prosecutor instead of a judge. The Senate now tries General Jackson; it is subject to trial itself—to be tried by the people, and to have its sentence reversed.

The coalition between Clay and Calhoun against the President was openly acknowledged by both Senators, Clay at the beginning of the debate announcing that he counted on the support of the "Nullifiers," and Calhoun responding as follows:

Senator Calhoun.—The Senator from Kentucky [Mr. Clay] anticipates with confidence that the small party who were denounced at the last session as traitors and disunionists[1] will be found, on this trying occasion, standing in the front rank, and manfully resisting the advance of despotic power. I heard the anticipation with pleasure, not on account of the compliment which it implied, but the evidence which it affords that the cloud which has been so industriously thrown over the character and motive of that small but patriotic party begins to be dissipated. The Senator hazarded nothing in the prediction. That party is the determined, the fixed, and sworn enemy to usurpation, come from what quarter and under what form it may—whether from the Executive upon the other departments of this Government, or from this Government on the sovereignty and rights of the States. The resolution and fortitude with which it maintained its position at the last session, under so many difficulties and dangers, in defence of the States against the encroachments of the general Government, furnished evi-

[1] See Volume V, chapter III.

dence not to be mistaken that that party, in the present momentous struggle, would be found arrayed in defence of the rights of Congress against the encroachments of the President. And let me tell the Senator from Kentucky that, if the present struggle against executive usurpation be successful, it will be owing to the success with which we, the nullifiers—I am not afraid of the word—maintained the rights of the States against the encroachment of the general Government at the last session.

The Senator from Kentucky read a striking passage from one of the most pleasing and instructive writers in any language [Plutarch], the description of Cæsar forcing himself, sword in hand, into the treasury of the Roman commonwealth. We are at the same stage of our political revolution, and the analogy between the two cases is complete, varied only by the character of the actors and the circumstances of the times. That was a case of an intrepid and bold warrior, as an open plunderer, seizing forcibly the treasury of the country, which, in that republic, as well as ours, was confined to the custody of the legislative department of the Government. The actors in our case are of a different character—artful, cunning, and corrupt politicians, and not fearless warriors. They have entered the treasury, not sword in hand, as public plunderers, but, with the false keys of sophistry, as pilferers, under the silence of midnight. The motive and the object are the same, varied in like manner by circumstances and character. "With money I will get men, and with men money," was the maxim of the Roman plunderer. With money we will get partisans, with partisans votes, and with votes money, is the maxim of our public pilferers. With men and money Cæsar struck down Roman liberty, at the fatal battle of Pharsalia, never to rise again; from which disastrous hour all the powers of the Roman republic were consolidated in the person of Cæsar, and perpetuated in his line. With money and corrupt partisans a great effort is now making to choke and stifle the voice of American liberty, through all its natural organs; by corrupting the press; by overawing the other departments; and, finally, by setting up a new and polluted organ, composed of officeholders and corrupt partisans, under the name of a national convention, which, counterfeiting the voice of the people, will, if not resisted, in their name dictate the succession. When this deed is done, the revolution will be completed, and all the powers of our republic, in like manner, will be consolidated in the President, and perpetuated by his dictation.

Senator Calhoun nevertheless showed his independence by differing from his new colleague on their ancient point of difference, the tariff, and claimed that it was the action of the "Nullifiers" which had strengthened Clay in his present position. Since Clay had to submit to this humiliating view of the situation as the price of Calhoun's support, the Senator from South Carolina gained the "whip-hand" in the coalition.

The revolution, in the midst of which we are, began, not as supposed by the Senator from Kentucky, shortly before the commencement of the present session, but many years ago, with the commencement of the restrictive system, and terminated its first stage with the passage of the force bill of the last session, which absorbed all the rights and sovereignty of the States, and consolidated them in this Government. While this process was going on, of absorbing the reserved powers of the States, on the part of the general Government, another commenced, of concentrating in the Executive the powers of the other two—the legislative and judicial departments of the Government; which constitutes the second stage of the revolution, in which we have advanced almost to the termination.

To the interposition of the State of South Carolina we are indebted for the adjustment of the tariff question; without it, all the influence of the Senator from Kentucky over the manufacturing interest, great as it deservedly is, would have been wholly incompetent, if he had even thought proper to exert it, to adjust the question. The attempt would have prostrated him, and those who acted with him, and not the system. It was the separate action of the State that gave him the place to stand upon, created the necessity for the adjustment, and disposed the minds of all to compromise.

I will venture to add to these remarks another, in connection with the point under consideration, not less true. We are not only indebted to the cause which I have stated for our present strength in this body against the present usurpation of the Executive, but if the adjustment of the tariff had stood alone, as it ought to have done, without the odious bill which accompanied it—if those who led in the compromise had joined the State-rights party in their resistance to that unconstitutional measure, and thrown the responsibility on its real authors, the Administration, their party would have been so prostrated throughout the entire South, and their power, in consequence,

so reduced, that they would not have dared to attempt the present measure; or, if they had, they would have been broken and defeated.

The President replied as follows to the censure:

Protest Against Censure

President Jackson

The resolution [of censure] charges in substance that, in certain proceedings relating to the public revenue, the President has usurped authority and power not conferred upon him by the Constitution and laws, and that in doing so he violated both. Any such act constitutes a high crime—one of the highest, indeed, which the President can commit—a crime which justly exposes him to impeachment by the House of Representatives, and, upon due conviction, to removal from office, and to the complete and immutable disfranchisement prescribed by the Constitution.

The resolution, then, is in substance an impeachment of the President; and in its passage amounts to a declaration by a majority of the Senate that he is guilty of an impeachable offence. As such it is spread upon the journals of the Senate—published to the nation and to the world—made part of our enduring archives—and incorporated in the history of the age. The punishment of removal from office and future disqualification does not, it is true, follow this decision; nor would it have followed the like decision, if the regular forms of proceeding had been pursued, because the requisite number did not concur in the result. But the moral influence of a solemn declaration, by a majority of the Senate, that the accused is guilty of the offence charged upon him has been as effectually secured as if the like declaration had been made upon an impeachment expressed in the same terms. Indeed, a greater practical effect has been gained, because the votes given for the resolution, though not sufficient to authorize a judgment of guilty on an impeachment, were numerous enough to carry that resolution.

The President of the United States, therefore, has been by a majority of his constitutional triers, accused and found guilty of an impeachable offence; but in no part of this proceeding have the directions of the Constitution been observed.

The impeachment, instead of being preferred and prosecuted by the House of Representatives, originated in the Senate, and

was prosecuted without the aid or concurrence of the other House. The oath or affirmation prescribed by the Constitution was not taken by the Senators; the Chief Justice did not preside; no notice of the charge was given to the accused; and no opportunity afforded him to respond to the accusation, to meet his accusers face to face, to cross-examine the witnesses, to procure counteracting testimony, or to be heard in his defence. These safeguards and formalities were not only practically disregarded, in the commencement and conduct of these proceedings, but in their result I find myself convicted by less than two-thirds of the members present of an impeachable offence.

For the reasons which have been stated, I do hereby solemnly protest against the aforementioned proceedings of the Senate, as unauthorized by the Constitution; contrary to its spirit and to several of its express provisions; subversive of that distribution of the powers of government which it has ordained and established; destructive of the checks and safeguards by which those powers were intended, on the one hand, to be controlled, and, on the other, to be protected; and calculated, by their immediate and collateral effects, by their character and tendency, to concentrate in the hands of a body not directly amenable to the people a degree of influence and power dangerous to their liberties, and fatal to the constitution of their choice.

The resolution of the Senate contains an imputation upon my private as well as upon my public character; and, as it must stand forever on their journals, I cannot close this substitute for that defence which I have not been allowed to present in the ordinary form without remarking that I have lived in vain if it be necessary to enter into a formal vindication of my character and purposes from such an imputation. In vain do I bear upon my person enduring memorials of that contest in which American liberty was purchased; in vain have I since periled property, fame, and life in defence of the rights and privileges so dearly bought; in vain am I now, without a personal aspiration, or the hope of individual advantage, encountering responsibilities and dangers, from which, by mere inactivity in relation to a single point, I might have been exempt—if any serious doubts can be entertained as to the purity of my purposes and motives. If I had been ambitious, I should have sought an alliance with that powerful institution which even now aspires to no divided empire. If I had been venal, I should have sold myself to its designs. Had I preferred personal comfort and official ease to the performance of my arduous duty, I should have ceased to molest it. In the history of conquerors and

usurpers, never, in the fire of youth, nor in the vigor of manhood, could I find an attraction to lure me from the path of duty; and now I shall scarcely find an inducement to commence the career of ambition, when gray hairs and a decaying frame, instead of inviting to toil and battle, call me to the contemplation of other worlds, where conquerors cease to be honored, and usurpers expiate their crimes. The only ambition I can feel is to acquit myself to Him to whom I must soon render an account of my stewardship, to serve my fellow-men, and live respected and honored in the history of my country. No; the ambition which leads me on is an anxious desire and a fixed determination to return to the people, unimpaired, the sacred trust they have confided to my charge—to heal the wounds of the Constitution and preserve it from further violation; to persuade my countrymen, so far as I may, that it is not in a splendid government, supported by powerful monopolies and aristocratical establishments, that they will find happiness, or their liberties protected, but in a plain system, void of pomp—protecting all, and granting favors to none—dispensing its blessings like the dews of heaven, unseen and unfelt, save in the freshness and beauty they contribute to produce. It is such a government that the genius of our people requires—such a one only under which our States may remain for ages to come united, prosperous, and free. If the Almighty Being who has hitherto sustained and protected me will but vouchsafe to make my feeble powers instrumental to such a result, I shall anticipate with pleasure the place to be assigned me in the history of my country, and die contented with the belief that I have contributed in some small degree to increase the value and prolong the duration of American liberty.

To the end that the resolution of the Senate may not be hereafter drawn into precedent, with the authority of silent acquiescence on the part of the Executive Department; and to the end, also, that my motives and views in the Executive proceeding denounced in that resolution may be known to my fellow-citizens, to the world, and to all posterity, I respectfully request that this message and protest may be entered at length on the journals of the Senate.

The resolution, after many debates in which Senators Benton and William R. King [Ala.] led in defence of the President, and Webster, Clay, and Calhoun were the chief opponents, was expunged from the Senate journal on January 14, 1837, by a vote of 24 to 19.

CHAPTER VI

Paper Money or Specie?

[PRESIDENT JACKSON'S TREASURY CIRCULAR]

Inflation of the Currency by State Bank Notes—President Jackson on the Evils of Such a Currency—The Treasury Circular Ordering Payments in Specie for Public Lands—Thomas Ewing, Sr. [O.] Moves in the Senate to Rescind the Order—Debate on the Resolution: in Favor, Senator Ewing, Daniel Webster [Mass.]; Opposed, Thomas H. Benton [Mo.]—William C. Rives [Va.] Moves in the Senate That Only Bank Notes of Large Denominations and Payable in Specie Be Accepted by the Government—Debate on a Bill Based on the Resolution: in Favor, Senator Rives, Robert J. Walker [Miss.]; Opposed, Senator Benton—Bill Is Carried, but Receives the President's "Pocket" Veto.

THE demise of the Bank of the United States left the State banks the only available receptacle of the public funds, and these were in a condition far from sound, owing to the liberality of their charters, which permitted them to issue notes to an extent far beyond their actual capital, thus flooding the country with paper money, which caused a general increase in the price of all property and great and sudden fluctuations in land values in particular. An era of land speculation began which promised to end in disaster.

Accordingly, finance became a chief subject of interest with Congress. In 1835 the national legislature took preparatory steps to bring the currency back to the hard money system intended by the Constitution, by greatly increasing the output of the mint (incidentally increasing the ratio of silver and gold to 16 to 1 from 15 to 1), and by passing various acts forbidding the receipt or payment on public account of the small notes of the State banks. In his annual message of December 6, 1836, President Jackson spoke of the problem as follows:

Evil Effects of Inflation of the Currency

President Jackson

Variableness must ever be the characteristic of a currency, of which the precious metals are not the chief ingredient, or which can be expanded or contracted without regard to the principles that regulate the value of those metals as a standard in the general trade of the world. With us, bank issues constitute such a currency, and must ever do so, until they are made dependent on those just proportions of gold and silver, as a circulating medium, which experience has proved to be necessary, not only in this, but in all other commercial countries. Where those proportions are not infused into the circulation, and do not control it, it is manifest that prices must vary according to the tide of bank issues, and the value and stability of property must stand exposed to all the uncertainty which attends the administration of institutions that are constantly liable to the temptation of an interest distinct from that of the community in which they are established.

The progress of an expansion, or rather a depreciation, of the currency, by excessive bank issues, is always attended by a loss to the laboring classes. This portion of the community have neither time nor opportunity to watch the ebbs and flows of the money market. Engaged from day to day in their useful toils, they do not perceive that, although their wages are nominally the same, or even somewhat higher, they are greatly reduced, in fact, by the rapid increase of a spurious currency; which, as it appears to make money abound, they are at first inclined to consider a blessing. It is not so with the speculator, by whom this operation is better understood, and is made to contribute to his advantage. It is not until the prices of the necessaries of life become so dear that the laboring classes cannot supply their wants out of their wages that the wages rise and gradually reach a justly proportioned rate to that of the products of their labor. When thus, by the depreciation in consequence of the quantity of paper in circulation, wages as well as prices become exorbitant, it is soon found that the whole effect of the adulterations is a tariff on our home industry for the benefit of the countries where gold and silver circulate and maintain uniformity and moderation in prices. It is then perceived that the enhancement of the price of land and labor produces a corresponding increase in the price of products, until

THE MODERN BALAAM AND HIS ASS
[Caricature of Jackson and Van Buren, and, for the first time, of the Democratic Donkey.]
From the collection of the New York Historical Society

these products do not sustain a competition with similar ones in other countries, and thus both manufactured and agricultural productions cease to bear exportation from the country of the spurious currency, because they cannot be sold for cost. This is the process by which specie is banished by the paper of the banks. Their vaults are soon exhausted to pay for foreign commodities; the next step is a stoppage of specie payment—a total degradation of paper as a currency—unusual depression of prices, the ruin of debtors, and the accumulation of property in the hands of creditors and cautious capitalists.

It was in view of these evils, together with the dangerous power wielded by the Bank of the United States, and its repugnance to our Constitution, that I was induced to exert the power conferred upon me by the American people to prevent the continuance of that institution. But, although various dangers to our republican institutions have been obviated by the failure of that bank to extort from the Government a renewal of its charter, it is obvious that little has been accomplished except a salutary change of public opinion toward restoring to the country the sound currency provided for in the Constitution. In the acts of several of the States prohibiting the circulation of small notes, and the auxiliary enactments of Congress at the last session, forbidding their reception or payment on public account, the true policy of the country has been advanced, and a larger portion of the precious metals infused into our circulating medium. These measures will probably be followed up in due time by the enactment of State laws, banishing from circulation bank notes of still higher denominations; and the object may be materially promoted by further acts of Congress, forbidding the employment, as fiscal agents, of such banks as continue to issue notes of low denominations, and throw impediments in the way of the circulation of gold and silver.

The effects of an extension of bank credits and over-issues of bank paper have been strikingly illustrated in the sales of the public lands. From the returns made by the various registers and receivers in the early part of last summer, it was perceived that the receipts arising from the sales of the public lands were increasing to an unprecedented amount. In effect, however, these receipts amounted to nothing more than credits in bank. The banks let out their notes to speculators; they were paid to the receivers, and immediately returned to the banks to be sent out again and again, being mere instruments to transfer to speculators the most valuable public land, and pay the Government by a credit on the books of the banks. Those credits on the books of some of the Western banks, usually called deposits, were already greatly beyond their immediate means of payment and were rapidly increasing. Indeed, each speculation furnished means for another; for no sooner had one individual or company paid in their notes than they were immediately lent to another for a like purpose; and the banks were extending their business and their issues so largely as to alarm considerate men, and render it doubtful whether these bank credits, if permitted to accumulate, would ultimately be of the least value to the Government. The spirit of expansion and speculation was not confined to the deposit banks, but pervaded the whole multitude of banks throughout the Union, and was giveing rise to new institutions to aggravate the evil.

The safety of the public funds, and the interest of the people, generally, required that these operations should be checked and it became the duty of every branch of the general and State governments to adopt all legitimate and proper means to produce that salutary effect. Under this view of my duty, I directed the issuing of the order[1] which will be laid before you by the Secretary of the Treasury, requiring payment for the public lands sold to be made in specie, with an exception until the fifteenth of the present month in favor of actual settlers. This measure has produced many salutary consequences. It checked the career of the Western banks, and gave them additional strength in anticipation of the pressure which has since pervaded our Eastern as well as the European commercial cities. By preventing the extension of the credit system, it measurably cut off the means of speculation, and retarded its progress in monopolizing the most valuable of the public lands. It has tended to save the new States from a non-resident proprietorship, one of the greatest obstacles to the advancement of a new country and the prosperity of an old one. It has tended to keep open the public lands for entry by emigrants, at Government prices, instead of their being compelled to purchase of speculators at double or treble prices. And it is conveying into the interior large sums in silver and gold, there to enter permanently into the currency of the country, and place it on a firmer foundation.

The President accordingly recommended Congress to take further steps in this direction, especially in preventing the excessive issue of bank paper.

[1] On July 11, 1836.

On December 14 Thomas Ewing, Sr. [Ohio] introduced in the Senate resolutions rescinding the order of the Secretary of the Treasury mentioned by the President in his message. Upon these an extended debate took place, in which the order was attacked by Senator Ewing and Daniel Webster [Mass.], and defended by Thomas H. Benton [Mo.]

The Treasury Circular

Senate, December 14-21, 1836

Senator Ewing.—It was foreseen, prior to the commencement of the last session of Congress, that there would be a very large surplus of money in the public treasury beyond the wants of the country for all their reasonable expenditures. It was also well understood that the land bill, or some other measure for the distribution of this fund, would be again presented to Congress; and, if the true condition of the public treasury were known and understood, that its distribution, in some form or other, would be demanded by the country. On the other hand, it seems to have been determined by the party, and some of those who act with it thoroughly, that the money should remain where it was, in the deposit banks, so that it could be wielded at pleasure by the Executive.

Senators, in the course of the debate which afterward sprung up on the land bill, denied, and most unequivocally, that there was any surplus, or that there would be any; and, when some of us offered an estimate of what would be the receipts into the treasury in the current year, we were told that it would be very difficult to fasten that estimate upon us at this session of Congress.

But when the true state of things became too obvious to be any longer successfully contested; when it became apparent to everyone here and to the public that there was a large amount of public money lying in the deposit banks, and likely to remain there for years, an injury to the public, and beneficial to nobody, except bankers and brokers, the deposit bill passed, after a desperate struggle, and then came this measure—the treasury order—intended to destroy its effect.

This order was issued not by the advice of Congress nor under the sanction of any law. It was delayed until Congress was fairly out of the city, and all possibility of interference by legislation was removed, and then came forth this new and last

expedient. It was known that these funds, received for public lands, had become a chief source of revenue, and it may have occurred to some that the passage of a treasury order of this kind would have a tendency to embarrass the country; and, as the bill for the regulation of the deposits had just passed, the public might be brought to believe that all the mischief occasioned by the order was the effect of the distribution bill. It has, indeed, happened that this scheme has failed; the public understand it rightly, but that was not by any means certain at the time the measure was devised. It was not then foreseen that the people would as generally see through the contrivance as it has since been found that they do.

There may have been various other motives which led to the measure. Many minds were probably to be consulted, for it is not to be presumed that a step like this was taken without consultation, and guided by the will of a single individual alone. That is not the way in which these things are done. No doubt one effect hoped for by some was that a check would be given to the sales of the public lands. The operation of the order would naturally be to raise the price of land by raising the price of the currency in which it was to be paid for. But, while this would be the effect on small buyers, those who purchased on a large scale would be enabled to sell at an advance of ten or fifteen per cent. over what would have been given if the United States lands had been open to purchasers in the ordinary way. Those who had borrowed money of the deposit banks and paid it out for lands would thus be enabled to make sales to advantage, and by means of such sales make payment to the banks who found it necessary to call in their large loans, in order to meet the provisions of the deposit bill. The order, therefore, was likely to operate to the common benefit of the deposit banks and the great land dealers, while it counteracted the efforts of the obnoxious deposit bill.

There may have been yet another motive actuating some of those who devised this order. There was danger that the deposit banks, when called upon to refund the public treasure, would be unable to do it; indeed, it was said on this floor that the immediate effect of the distribution bill would be to break those banks. Now this treasury order would operate to collect the specie of the country into the land offices, whence it would immediately go into the deposit banks, and would prove an acceptable aid to them while making the transfers required by law. These seem to me to have been among the real motives which led to the adoption of that order.

SENATOR BENTON.—The treasury order was a measure of regulation upon the State banks, intended to save the finances and the currency, as well as the public lands. The Bank of the United States regulated the State banks by the simple process of excluding their paper from the Federal receipts and expenditures. She excluded them to make room for her own notes; and this is the extent of her skill and of her merit in all this boasted regulation of local currencies of which we hear so much. The Federal Government has only to do the same, and the State bank issues are repelled upon their sources, and become comparatively harmless. It is receivability for Federal dues; it is receivability at the land offices, customhouses, and post offices, which gives them wings to fly over the continent, and enables them to pass, without regard to the credit or solvency of the bank from which they come. It is the Federal Government indorsement which does the mischief; and this indorsement, for all the purposes of false credit and want of responsibility, is given to the whole issue of every bank whose paper is made receivable for public dues. The experiment has been tried, and local paper has failed as a national currency, and out of that failure arose the second United States Bank. It will fail again, and again, and forever! There is no safety for the Federal revenues but in the total exclusion of local paper, and that from every branch of the revenue—customs, lands, and post office. There is no safety for the national finances but in the constitutional medium of gold and silver. After forty years of wandering in the wilderness of paper money, we have approached the confines of the constitutional medium. Seventy-five millions of specie in the country, with the prospect of an annual increase of ten or twelve millions for the next four years, three branch mints to commence next spring, and the complete restoration of the gold currency announce the success of President Jackson's great measures for the reform of the currency, and vindicate the Constitution from the libel of having prescribed an impracticable currency. The success is complete; and there is no way to thwart it, but to put down the treasury order, and to reopen the public lands to the inundation of paper money. Of this, it is not to be dissembled, there is great danger. Four deeply interested classes are at work to do it—speculators, local banks, United States Bank, and politicians out of power. They may succeed, but he (Mr. B.) would not despair. The darkest hour of night is just before the break of day; and, through the gloom ahead, he saw the bright vision of the constitutional currency erect, radiant, and victorious. Through

regulation or explosion success must eventually come. If reform measures go on, gold and silver will be gradually and temperately restored; if reform measures are stopped, then the paper system runs riot, and explodes from its own expansion. Then the Bank of the United States will exult on the catastrophe, and claim its own reëstablishment, as the only adequate regulator of the local banks. Then it will be said the specie experiment has failed! But no; the contrary will be known, that the specie experiment has not failed, but it was put down by the voice and power of the interested classes, and must be put up again by the voice and power of the disinterested community.

SENATOR WEBSTER.—What is meant by the "constitutional currency," about which so much is said? What species, or forms, of currency does the Constitution allow, and what does it forbid? It is plain enough that this depends on what we understand by currency. Currency, in a large and, perhaps, in a just sense, includes not only gold and silver and bank notes, but bills of exchange also. It may include all that adjusts exchanges, and settles balances, in the operations of trade and business. But if we understand by currency the legal money of the country, that which constitutes a lawful tender for debts, and is the statute measure of value, then, undoubtedly, nothing is included but gold and silver. Most unquestionably there is no legal tender, and there can be no legal tender, in this country, under the authority of this Government or any other, but gold and silver, either the coinage of our own mints, or foreign coins, at rates regulated by Congress. This is a constitutional principle, perfectly plain, and of the very highest importance. The States are expressly prohibited from making anything but gold and silver a tender in payment of debts; and, although no such express prohibition is applied to Congress, yet, as Congress has no power granted to it, in this respect, but to coin money, and to regulate the value of foreign coins, it clearly has no power to substitute paper, or anything else, for coin, as a tender in payment of debts and in discharge of contracts.

The only question, therefore, is, what is the law, or what was the law, when the Secretary issued his order?

The Secretary considers that that which has been uniformly done for twenty years, that is to say, the receiving of payment for the public lands in the bills of specie-paying banks, is against law. He calls it an "indulgence," and this "indulgence" the order proposes to continue for a limited time, and in favor of a particular class of purchasers. If this were

an indulgence, and against law, one might well ask, how has it happened that it should have continued so long, especially through recent years, marked by such a spirit of thorough and searching reform? It might be asked, too, if this be illegal, and an indulgence only, why continue it longer, and especially why continue it as to some, and refuse to continue it as to others?

But, sir, it is time to turn to the statute, and to see what the legal provision is. On the 30th of April, 1816, a resolution passed both Houses of Congress. It was in the common form of a joint resolution, and was approved by the President. It provides that, "from and after the 20th day of February next (1817), no duties, taxes, debts, or sums of money, accruing or becoming payable to the United States, ought to be collected or received otherwise than in the legal currency of the United States, or treasury notes, or notes of the Bank of the United States, or *in notes of banks which are payable in specie on demand*, in the said legal currency of the United States."

The honorable member from Missouri has, indeed, himself furnished a complete answer to the Secretary's idea; that is to say, he defends the order on grounds not only differing from, but totally inconsistent with, those assumed by the Secretary. He does not consider the receipt of bank notes hitherto, or up to the time of issuing the order, as an indulgence, but as a lawful right while it lasted. Thus his argument entirely deprives the Secretary of the only ground assigned by him for the treasury order.

I am, therefore, of opinion that the treasury order of the 11th of July is against the plain words and meaning of the law of 1816; against the whole practice of the Government under that law; against the honorable gentleman's own opinion, as expressed in his resolution of the 23d of April; and not reconcilable with the necessity which was supposed to exist for the passage of the act of last session.

On January 10, 1837, Senator William C. Rives [Va.] proposed, as a substitute for Senator Ewing's motion, the resolution that thereafter all sums of money due the United States should be paid in specie, or in bank notes which were payable in specie on demand, subject to the restriction that notes of low denomination should not be received, there being a stated gradual increase in the minimum amount of the receivable notes. The resolu-

tions of Ewing and Rives were referred to the Committee on Public Lands, which reported Rive's resolution with the proviso that the public deposits should be withdrawn from those banks which refused to receive and credit to the United States notes receivable under the act.

Senator Rives and Robert J. Walker [Miss.] defended the resolution, and Senator Benton opposed it. Rives's speech is valuable chiefly for its clear presentation of economic laws, notably Sir Thomas Gresham's law that "bad money drives good out of circulation," as amplified by Adam Smith. Rives held that paper and specie could both be used, if they were not of the same denomination. Benton insisted on hard money alone, whence he received the nickname of "Old Bullion."[1]

RELATIONS OF PAPER MONEY AND SPECIE

SENATE, JANUARY 10-28, 1837

SENATOR RIVES.—In discussing the question of a reform of the currency, it is necessary to settle our ideas clearly as to two things: first, the nature and extent of the end to be aimed at; secondly, the means by which it is to be attained. If I am asked what is the end I propose, whether I am in favor of a specie circulation exclusively, and the total suppression of bank paper, I answer No. Even if such an object were desirable, it is plainly impracticable. In the present state of commercial progress and refinement throughout the world, it would probably be impracticable anywhere; but in this country, and under our system of government especially, it is obviously wholly unattainable. Whether right or wrong, we find twenty-six independent State legislatures possessed of the power to create banking corporations. Whatever speculative doubts may exist in the minds of some as to the constitutional validity of this power, the States now actually possess and exercise it, as they have invariably done from the foundation of the Government, and there is not the slightest probability that they will ever be divested of it. In every sober and practical scheme of policy we must proceed upon the assumption that this independent State power will remain. How, then, can the banking system

[1] This name also squinted at "billon," precious metal containing a large alloy of baser, which Senator Benton suggested should be used in our currency (see page 123).

be suppressed by this Government? Such a notion, if entertained anywhere, would indeed be Utopian and visionary.

My object, then, would be, not the destruction of the banking system and the total suppression of bank paper, but an efficient regulation of it, and its restriction to safe and proper limits; not the exclusive use of specie as a circulating medium, but such a substantial enlargement and general diffusion of it, in actual circulation, as would make it the practical currency of common life, the universal medium of ordinary transactions; in short, the money of the farmer, the mechanic, the laborer, and the tradesman; while the merchant should be left in the enjoyment of the facilities of a sound and restricted paper currency for his larger operations. Such a reformation in the currency as this would, in my opinion, be productive of the most beneficial results. It would give security to the industrious classes of society for the products of their labor, against the casualties incident to the paper system. The laborer, in returning to the bosom of his family from his weekly toil, would no longer find his slumbers broken by the apprehension that the hard earnings of the week, perhaps the accumulation of long years of honest industry, might be dissipated in a moment by the explosion of a bank, or the bursting of some paper bubble. It would give security, to a great extent, to the whole body of the community against those disastrous fluctuations in the value of property and contracts which arise from the ebbs and flows of an unrestricted paper currency. It would give security to the banks themselves, by providing them, in the daily internal circulation of the country, an abundant and accessible fund for recruiting their resources, whenever they should be exposed to an extraordinary pressure.

This, sir, is the happy state of things we might promise ourselves from replacing (as it is the aim of the proposition which I have had the honor to submit to do) all bank bills, under the denomination of twenty dollars, with a solid circulation of gold and silver. Is there anything wild, anything visionary, anything pernicious, in such a system of currency as this? It has the sanction, Mr. President, of the profoundest writers on questions of political economy, and has received the practical assent of the wisest nations. I am well aware that it would ill become me to present for the consideration of the Senate any scheme which was not thus tested and approved. Of all the writers who have treated and examined questions of this character, none possess so high an authority as the author of the "Wealth of Nations." It has been well and justly

said that Adam Smith had done for the science of political economy what Bacon and Newton had done for physical science, and Sydney and Locke for the science of government and the fundamental principles of civil and political liberty. His work, appearing contemporaneously with the American Revolution, was deeply imbued with the free spirit and the large and vigorous thought which so remarkably distinguished that great era. He came forth as the zealous and powerful champion of free trade, the inflexible opponent of monopoly and restriction, in all their multiplied forms, the ardent advocate of everything that is liberal, generous, and popular, in the institutions of society and the intercourse of nations. No work has ever exercised so large an influence for good on the policy and destiny of nations; and none, I am sure, considering the stamp of liberty as well as wisdom impressed upon it, is better entitled to the respect of an assembly of American legislators. Adam Smith, by a strange mistake, has been held up, rather opprobriously, as the advocate of a paper system—as the founder, in fact, of the paper school! Sir, there can be no greater mistake than this. While he recognized the utility of a judicious system of banking, in liberating and putting into productive employment capital which would otherwise remain dead and inactive, and the facilities it is calculated to afford to commerce, he yet insists that the general circulation of the country should be gold and silver.

As the general principles he has laid down on the subjects of banking and currency continue still to be appealed to by the enlightened writers who have followed him, as affording the soundest exposition of those subjects, whatever modifications of subordinate points may have been made by subsequent inquirers, I will give to the Senate, and principally in the words of Adam Smith himself, an outline of his system of currency. After speaking of the advantages to be expected from a judicious and properly conducted system of banking, he says expressly that "the commerce and industry of a country are not so secure when suspended, as it were, on the Dædalian wings of paper money, as when they travel about on the solid ground of gold and silver." He says, therefore, it is the policy of wise governments "to guard, not only against that excessive multiplication of paper money which ruins the very banks which issue it, but even against that multiplication of it which enables them to fill the greater part of the circulation of the country with it." He then proceeds to show that "the circulation of every country may be considered as divided into two different

branches: the circulation of the dealers with one another, and the circulation between the dealers and consumers." His next position is, "that paper money may be so regulated as either to confine itself very much to the circulation between the different dealers, or to extend itself likewise to a great part of that between the dealers and consumers." The regulation is effected by fixing the denomination of the notes permitted to be issued. "It were better," he adds, "that no bank notes were issued in any part of the kingdom for a smaller sum than five pounds. Paper money would then confine itself to the circulation between the different dealers"; and, where this is the case, he says, "there is always plenty of gold and silver. But where it extends itself to a considerable part of the circulation between dealers and consumers it banishes gold and silver almost entirely from the country." The system of Adam Smith, then, resolves itself into this: that the circulation between dealer and dealer may be of paper, but that the circulation between dealer and consumer should be of the precious metals; that this result ought to be secured by prohibiting the issue of bank notes for a less sum than five pounds, and that, if such a restriction be adopted, there "will always be plenty of gold and silver" in circulation, performing all the offices of exchange in the "ordinary transactions" of society, while the use of paper would be confined to commercial operations of a larger scale.

Instead of being the advocate, far less the founder, of an unrestricted paper system, Smith urges the necessity of confining it to commercial accommodation in the larger transactions between dealer and dealer. He is in favor of the suppression of all bank notes under five pounds; whereby gold and silver will fill the ordinary channels of circulation, and become, in fact, the common practical currency of the country.

It is in vain to expect to bring gold and silver coins into circulation, without a previous suppression of all notes of corresponding denominations. The reason is obvious. If there exist in any country two distinct currencies, both of them answering equally well the purposes of domestic circulation, but one of them possessing only a local value, confined to the country of its emission, while the other has a universal and equal value throughout the world, the latter will necessarily go abroad into the commerce of the world, in quest of the riches and productions of foreign nations, leaving the former at home to perform an office which it does equally as well, though it would be wholly without use or value abroad. The total incompatibility, therefore, of a paper and metallic currency of the same denominations has grown into an axiom. Edmund Burke (whose sagacity in questions of this sort is well known), at the memorable period of the bill brought forward by Mr. Pitt for the suspension of specie payments by the Bank of England, in 1797, in a letter written during his last illness to Mr. Canning, which the latter gentleman brought most touchingly to the notice of the House of Commons, in a debate of great interest and instruction, on this whole subject, at a much more recent period (1826), used these memorable words: "Tell Mr. Pitt that, if he consents to the issue of one-pound notes, he will never see a guinea again." The prophecy, sir, became history. No one saw a guinea in circulation in England while the bank continued the issue of one-pound notes.

Mr. Burke's remark also applies most forcibly to our present situation. We have voted the metallic money, we have coined it, but it will not circulate. We have coined at our own mint, within little more than two years, ten millions of gold. But where is it? In the vaults of the banks, or hoarded by individuals! and we shall never see it in circulation until we have opened the way for it by a previous suppression of the small notes.

SENATOR BENTON.—We stand upon a constitution which recognizes nothing but gold and silver for money; we stand upon a legislation of near fifty years, which recognizes nothing but gold and silver for money. Now, for the first time, we have a statutory enactment proposed to recognize the paper of a wilderness of local banks for money, and in so doing to repeal all prior legislation by law, and the Constitution by fact. This is an era in our legislation. It is statute law to control all other law, and is not a resolution to aid other laws, and to express the opinions of Congress.

Mr. B. said, the effects of this statute would be to make a paper government—to insure the exportation of our specie—to leave the State banks without foundations to rest upon—to produce a certain catastrophe in the whole paper system—to revive the pretensions of the United States Bank—and to fasten, for a time, the Adam Smith system upon the Federal Government and the whole Union.

Mr. B. objected, totally, to the idea of continuing to receive paper money for the dues of the Federal Government. This bill was intended to be a permanent law; there was no limitation of time in it. It was intended to continue paper money forever as the currency of the Federal Government. There

was no longer any plea of necessity to justify such a gross departure from the Constitution. It is not now as it was in 1816, when the joint resolution of that year was passed. Then, there was less specie in the country than ever was known; now there is more than ever was known. The joint resolution of 1816 was a great advance upon the existing state of things at that time: the same resolution would be a retrograde movement, and a great falling back at the present day. We have now near eighty millions of specie; that sum is far beyond any possible demand that the collection of the revenues in specie could demand. Everybody knows that it does not require an amount of money equal to the whole amount of annual payments to make those payments. This might be the case if every creditor ate all the money which he received; but as he does not eat it, but pays it over to somebody else, it follows that the same piece of money performs many payments in the course of the year; and, consequently, that a sum far below the amount of annual payments will be sufficient to effect all those payments. A proportionate supply, then, is all that is wanted; and that proportion is fixed by political economists at the one-tenth.

It is the faculty of issuing paper currency which makes banks dangerous to the country, and the height to which this danger has risen in the United States, and the progress which it is making should rouse and alarm the whole community. It is destroying all standard of value. It is subjecting the country to demoralizing and ruinous fluctuations of price. It is making a lottery of property, and making merchandise of money, which has to be bought by the ticket holders in the great lottery at two and three per cent. a month. It is equivalent to the destruction of weights and measures, and like buying and selling without counting, weighing, or measuring. It is the realization, in a different form, of the debasement and arbitrary alteration of the value of coins practiced by the kings of Europe in former ages, and now by the Sultan of Turkey. It is extinguishing the idea of fixed, moderate, annual interest. Great duties are thus imposed upon the legislator; and the first of these duties is to revive and favor the class of banks of discount and deposit; banks to make loans, keep money, transfer credits on books, buy and sell exchange, deal in bullion; but to issue no paper. This class of banks should be revived and favored; and the United States could easily revive them by confiding to them the public deposits. The next great duty of the legislator is to limit the issues of banks of circulation, and make them

indemnify the community in some little degree, by refunding, in annual taxes, some part of their undue gains.

The amount of capital reported by the banks to have been paid in is about $300,000,000; and the quantity of paper money which they are authorized by their charters to issue is about $750,000,000. How much of this is actually issued can never be known with any precision; for such are the fluctuations in the amount of a paper currency, flowing from 750 fountains, that the circulation of one day cannot be relied upon for the next. This, upon its face, and without recourse to any other evidence, is proof that our banking system, as a whole, is unsolid and delusive, and a frightful imposition upon the people. Nothing but specie can form the capital of a bank; there are not above sixty or seventy millions of specie in the country, and of that the banks have not the one-half. Thirty millions in specie is the extent; the remainder of the capital must have been made up of that undefinable material called "specie funds," or "funds equivalent to specie," the fallacy of which is established by the facts already stated, and which show that all the specie in the country put together is not sufficient to meet the one-fifth part of these "specie funds," or "funds equivalent to specie." The equivalent, then, does not exist! credit alone exists; and any general attempt to realize these "specie funds," and turn them into specie, would explode the whole banking system, and cover the country with ruin. There may be some solid and substantial banks in the country, and undoubtedly there are better and worse among them; but as a whole—and it is in that point of view the community is interested—as a whole, the system is unsolid and delusive; and there is no safety for the country until great and radical reforms are effected.

Mr. B. said this was a faint sketch of the banking system as carried on in the United States, where every bank is a coiner of paper currency, and where every town, in some States, must have its banks of circulation (while such cities as Liverpool and Manchester have no such banks), and where the paper money of all these machines receives wings to fly over the whole continent, and to infest the whole land, from its universal receivability by the Federal Government in payment of all dues at their customhouses, land offices, post offices, and by all the district attorneys, marshals, and clerks, employed under the Federal judiciary. The improvidence of the States, in chartering such institutions, is great and deplorable; but their error was trifling, compared to the improvidence of the Federal Govern-

ment in taking the paper coinage of all these banks for the currency of the Federal Government, maugre that clause in the Constitution which recognizes nothing but gold and silver for currency, and which was intended forever to defend and preserve this Union from the evils of paper money.

Mr. B. averred, with a perfect knowledge of the fact, that the banking system of the United States was on a worse footing than it was in any country upon the face of the earth; and that, in addition to its deep and dangerous defects, it was also the most expensive and burdensome, and gave the most undue advantages to one part of the community over another. He had no doubt but that this banking system was more burdensome to the free citizens of the United States than ever the feudal system was to the villeins, and serfs, and peasants of Europe. And what did they get in return for this vast burden? A pestiferous currency of small paper! when they might have a gold currency without paying interest, or suffering losses, if their banks, like those in Liverpool and Manchester, issued no currency except as bills of exchange. And with how much real capital is this banking system, so burdensome to the people of the United States, carried on? About $30,000,000! Yes; on about $30,000,000 of specie rests the $300,000,000 paid in, and on which the community are paying interest, and giving profits to bankers, and blindly yielding their faith and confidence, as if the whole $30,000,000 was a solid bed of gold and silver, instead of being, as it is, one-tenth part specie, and nine-tenths paper credit!

Sir, I have performed a duty to myself, not pleasant, but necessary. This bill is to be an era in our legislation and in our political history. It is to be a point upon which the future age will be thrown back, and from which future consequences will be traced. I separate myself from it; I wash my hands of it; I oppose it. I am one of those who promised gold, not paper. I promised the currency of the Constitution, not the currency of corporations. I did not join in putting down the Bank of the United States, to put up a wilderness of local banks. I did not join in putting down the paper currency of a national bank, to put up a national paper currency of a thousand local banks. I did not strike Cæsar, to make Antony master of Rome.

Senator Walker.—Congress, no more than a State legislature, can make anything but gold or silver a tender in payment of debts by one citizen to another; but that Congress, or a State legislature, or an individual, may waive their constitutional rights, and receive bank paper or drafts, in payment of

any debt, is a principle of universal adoption in theory and practice, and never doubted by anyone until at the present session by the Senator from Missouri. The distinction of the Senator in this respect was as incomprehensible to him (Mr. W.) as he believed it was to every Senator, and, indeed, was discernible only by the magnifying powers of a solar microscope. It was a point-no-point, which, like the logarithmic spiral, or asymptote of the hyperbolic curve, might be forever approached without reaching; an infinitesimal, the ghost of an idea, not only without length, breadth, thickness, shape, weight, or dimensions, but without position—a mere imaginary nothing, which flitted before the bewildered vision of the honorable Senator, when traversing, in his fitful somnambulism, that tesselated pavement of gold, silver, and billion,[1] which that Senator delighted to occupy. Sir, the Senator from Missouri might have heaped mountain-high his piles of metal; he might have swept, in his Quixotic flight, over the banks of the States, putting to the sword their officers, stockholders, directory, and legislative bodies by which they were chartered; he might, in his reveries, have demolished their charters, and consumed their paper by the fire of his eloquence; he might have transacted, in fancy, with a metallic currency of twenty-eight millions in circulation, an actual annual business of fifteen hundred millions, and Mr. W. would not have disturbed his beatific visions, nor would any other Senator—for they were visions only that could never be realized—but when, descending from his ethereal flights, he seized upon the Committee on Public Lands as criminals, arraigned them as violators of the Constitution, and prayed Heaven for deliverance from them, Mr. W. could be silent no longer. Yes, even then he would have passed lightly over the ashes of the theories of the honorable Senator, for, if he desired to make assaults upon any, it would be upon the living, and not the dead; but that Senator, in the opening of his (Mr. W.'s) address, had rejected the olive branch which, upon the urgent solicitation of mutual friends, against his own judgment, he had extended to the honorable Senator. The Senator from Missouri had thus, in substance, declared his "voice was still for war." Be it so; he thanked God that he was not so abject or degraded as to submit, with impunity, to unprovoked attacks or unfounded accusations from any quarter. Could he thus submit, he would be unfit to represent the noble, generous, and gallant people, whose rights and interests it was his pride and

[1] A coin composed of both gold and silver which Senator Benton had proposed.

glory to endeavor to protect, whose honor and character were dearer to him than life itself, and should never be tarnished by any act of his, as one of their humble representatives upon this floor.

The bill was passed by Congress, but so late in the session that the President did not have the constitutional period of ten days for considering it. He therefore virtually vetoed it by retaining it without action, a disposition which became known about that time as the "pocket" veto.

CHAPTER VII

Divorce of Bank and State
[the subtreasury bill]

Panic of 1837—President Van Buren Calls Congress in Special Session—Administration Bill to Issue Treasury Notes: Opposed, in Senate, by Daniel Webster [Mass.]; Defended by Thomas H. Benton [Mo.]; Carried—Administration Bill to Establish Independent Treasury: in Favor, Silas Wright [N. Y.] (Mover); John C. Calhoun [S. C.], Senator Benton, Robert J. Walker [Miss.], James Buchanan [Pa.]; Opposed, William C. Rives [Va.], Nathaniel P. Tallmadge [N. Y.], Henry Clay [Ky.], Senator Webster; Carried—Bill Is Lost in the House—It Is Reintroduced in the Senate (1838)—Bill Is Passed 1840; Repealed 1842; Re-Enacted 1846.

PRESIDENT VAN BUREN entered office during a period of financial disaster. In November, 1836, the liquidation of several English banks caused the ruin of three mercantile houses doing an extensive business with the United States, and precipitated a financial, industrial and agricultural panic in this country. The Dry Dock Bank of New York, one of the Federal deposit banks, stopped cash payments early in May, 1837, and on the 10th of the month all the other banks in the city followed suit. The suspension quickly became general throughout the country; many mercantile houses were ruined, and many factories closed their doors, and land and agricultural products slumped greatly in value. The Government was blamed for this condition, and great pressure was brought to bear, from every direction, upon the new Administration to change the financial policy it had inherited from the old, especially to rescind the treasury circular of July 11, 1836, ordering payment for the public lands to be made in specie, and to reëstablish a national bank.

President Van Buren refused to rescind the order or

to endorse the reëstablishment of the bank, but yielded to the pressure in so far as to call a special session of Congress to relieve the situation. Congress met on September 4, 1837. In his message the President outlined an entirely new organization of administering the finances, recommending an entire dissolution of the connection of the Government with banks of issue, and the establishment of an independent treasury system. He also recommended the passage of a "uniform law concerning bankruptcies of corporations, and other bankers" as a "salutary check on the issues of paper money, and an effectual remedy given to the citizen, in a way at once equal in all parts of the Union, and fully authorized by the Constitution." In order to provide for the needs of the Government, in view of the approaching deficit in revenue due to the general suspension of specie payments, the President advised that the fourth instalment of the deposit to be made with the States be withheld, and a temporary issue of treasury notes or warrants be made to supply the deficiency until the incoming revenue should be sufficient to redeem them.

Senator Daniel Webster [Mass.] assailed the proposed issue of treasury notes as a return to the old Continental currency, and taunted the Democratic party with so early a failure in its policy for getting back to hard money.

Senator Thomas H. Benton [Mo.] defended the issue as being one of "notes to raise loans, and to be laid by as investments, and not as notes for currency to be pushed into circulation by the power of the Government."

A bill for the issue of the notes passed the Senate on September 18 by a vote of 42 to 5, Webster voting in its favor, and Henry Clay [Ky.] against it.

A bill imposing additional duties on public officers as depositaries for receiving the public money (Independent or Sub-Treasury system) was introduced in the Senate on September 19, by Silas Wright [N. Y.], chairman of the Finance Committee. Leading speakers in favor of the bill were John C. Calhoun [S. C.]—who thereby realigned himself with the Democratic party, breaking his

coalition with Henry Clay, now that its cause, a common antagonism toward Andrew Jackson, had passed—Senator Benton, Robert J. Walker [Miss.], James Buchanan

THE REJECTED MINISTER

"WE CAN NEVER MAKE HIM PRESIDENT WITHOUT FIRST MAKING HIM VICE-PRESIDENT"

Jackson Bearing Van Buren to the Presidency

From the collection of the New York Historical Society

[Pa.], and Senator Wright. Chief of the opponents of the bill were William C. Rives [Va.], Nathaniel P. Tallmadge [N. Y.], Senator Clay, and Senator Webster. The bill passed the Senate on October 4, 1837, by a vote of 26 to 20. It then went to the House, where, after full debate (in which, however, no arguments additional to those of the Senate were adduced), it was, on October 14, laid on the table by a vote of 119 to 107.

The Sub-Treasury Bill

Senate, September 19–October 4, 1837

Senator Calhoun.—An extraordinary course of events, with which all are too familiar to need recital, has separated, in fact, the Government and the banks. What relation shall they bear hereafter? Shall the banks again be used as fiscal agents of the Government? be the depositories of the public money? And, above all, shall their notes be considered and treated as money, in the receipts and expenditures of the Government? This is the great and leading question; one of the first magnitude, and full of consequences. I have given it my most anxious and deliberate attention; and have come to the conclusion that we have reached the period when the interests both of the Government and the banks forbid a reunion.

If, Mr. President, there be any one point fully established by experience and reason, I hold it to be the utter incompetency of the State banks to furnish, of themselves, a sound and stable currency. They may succeed in prosperous times, but the first adverse current necessarily throws them into utter confusion. Nor has any device been found to give them the requisite strength and stability, but a great, central, and controlling bank, instituted under the authority of this Government.

But there are difficulties in the way of a national bank, no less formidable than a reconnection with the State banks. It is utterly impracticable, at present, to establish one. There is reason to believe that a majority of the people of the United States are deliberately and unalterably opposed to it. At all events, there is a numerous, respectable, and powerful party (I refer to the old State Rights party), who are, and ever have been, from the beginning of the Government, opposed to the bank; and whose opinions, thus long and firmly entertained, ought at least to be so much respected as to forbid the creation of one, without an amendment of the Constitution. To this must be added the insuperable difficulty, that the Executive branch of the Government is openly opposed to it, and pledged to interpose his veto, on constitutional grounds, should a bill pass to incorporate one. For four years, at least, then, it will be impracticable to charter a bank. What must be done in the meantime? Shall the treasury be reorganized to perform the functions which have been recently discharged by the banks, or shall the State institutions be again employed until a bank can be created?

My opposition to a reunion with the banks is not confined to objections limited to national or State banks. It goes beyond, and comprehends others of a more general nature, relating to the currency, which to me are decisive. I am of the impression that the connection has a most pernicious influence over bank currency; that it tends to disturb that stability and uniformity of value which are essential to a sound currency; and are among the leading causes of that tendency to expansion and contraction which experience has shown is incident to bank notes as a currency. They are, in my opinion, at best, without the requisite qualities to constitute a currency, even when unconnected with the Government; and are doubly disqualified by reason of that connection, which subjects them to sudden expansions and contractions, and exposes them to fatal catastrophes, such as the present.

I will explain my views. A bank note circulates, not merely on account of the credit of the institution by which it is issued, but because Government receives it, like gold and silver, in all its dues, and thus adds its own credit to that of the bank. It, in fact, virtually indorses on the note of every specie-paying bank, "receivable by Government in its dues." To understand how greatly this adds to the circulation of bank notes, we must remember that Government is the great money dealer of the country, and the holder of immense public domains; and that it has the power of creating a demand against every citizen, as high as it pleases, in the shape of a tax, or duty, which can be discharged, as the law now is, only by bank notes or gold and silver. This, of course, cannot but add greatly to the credit of bank notes, and contribute much to their circulation.

It follows, as a necessary consequence, that, to the extent of this influence, the issues of the banks expand and contract with the expansion and contraction of the fiscal action of the Government; with the increase of its duties, taxes, income, and expenditure; with the deposits in its vaults acting as additional capital, and the amount of bank notes withdrawn, in consequence, from circulation; all of which must directly affect the amount of their business and issues; and bank currency must of course partake of all those vibrations to which the fiscal action of the Government is necessarily exposed, and, when great and sudden, must expose the system to catastrophes such as we now witness.

It is often easy to prevent what cannot be remedied, which the present instance strongly illustrates. If the Administration had formed a true conception of the danger in time, what

has since happened might have then been easily averted. The near approach of the expiration of the charter of the United States Bank would have afforded ample means of staying the desolation, if it had been timely and properly used. I saw it then, and proposed to renew the charter, for a limited period, with such modifications as would have effectually resisted the increasing expansion of the currency; and, at the same time, gradually and finally, wear out the connection between the bank and the Government:—to use the expression I then used, "to unbank the banks"; to let down the system easily, and so to effect the separation between the bank and the Government as to avoid the possibility of that shock which I then saw was inevitable without some such remedy. The moment was eminently propitious. The precious metals were flowing in on us from every quarter, and the vigorous measures I proposed to adopt in the renewal of the charter would have effectually arrested the increase of banks and checked the excess of their discounts and issues; so that the accumulating mass of gold and silver, instead of being converted into bank capital, and swelling the tide of paper circulation, would have been substituted in the place of bank notes, as a permanent and wholesome addition to the currency of the country.

But neither the Administration nor the opposition sustained me, and the precious opportunity passed unseized. I then clearly saw the coming calamity was inevitable, and it has neither arrived sooner, nor is it greater, than what I expected.

That the connection between the banks and the Government, the receiving and paying away their notes as cash, and the use of the public money from the time of the collection to the disbursement, is the source of immense profit to the banks, cannot be questioned. It is impossible to ascertain with any precision to what extent their issues and circulation depend upon it, but it certainly constitutes a large proportion. A single illustration may throw light upon this point. Suppose the Government were to take up the veriest beggar in the street, and enter into a contract with him, that nothing should be received in payment of its dues or for the sales of its public lands in future, except gold and silver and his promissory notes, and that he should have the use of the public funds from the time of their collection until their disbursement. Can anyone estimate the wealth which such a contract would confer? His notes would circulate far and wide over the whole extent of the Union; would be the medium through which the exchanges of the country would be performed; and his ample and extended credit would give him a control over all the banking institutions and moneyed transactions of the community. The possession of a hundred millions would not give a control more effectual. I ask, would it be fair, would it be equal, would it be consistent with the spirit of our institutions, to confer such advantages on any individual? And, if not on one, would it be if conferred on any number? And, if not, why should it be conferred on any corporate body of individuals? How can they possibly be entitled to benefits so vast, which all must acknowledge could not be justly conferred on any number of unincorporated individuals?

The union between bank and Government is not only a main source of that dangerous expansion and contraction in the banking system, which I have already illustrated, but is also one of the principal causes of that powerful and almost irresistible tendency to the increase of banks, which even its friends see and deplore. We have made banking too profitable—far, very far, too profitable; and, I may add, influential. One of the most ample sources of this profit and influence may be traced, as I have shown, to the connection with the Government; and is, of course, among the prominent causes of the strong and incessant tendency of the system to increase, which even its friends see must finally overwhelm either the banks or the institutions of the country. There can be but one safe and consistent remedy for this; the rendering banking, as a business, less profitable and influential; and the first and decisive step toward this is a disseverance between the banks and the Government.

I pass over other important objections to the connection; the corrupting influence and the spirit of speculation which it spreads far and wide over the land. Who has not seen and deplored the vast and corrupting influence brought to bear upon the legislatures to obtain charters, and the means necessary to participate in the profits of the institutions. This gives a control to the Government, which grants such favors, of a most extensive and pernicious character; all of which must continue to spread and increase, if the connection should continue, until the whole community must become one contaminated and corrupted mass.

There is another, and a final reason, which I shall assign against the reunion with the banks. We have reached a new era with regard to these institutions. He who would judge of the future by the past, in reference to them, will be wholly mistaken. The year 1833 marks the commencement of this era.

That extraordinary man who had the power of imprinting his own feelings on the community then commenced his hostile attacks, which have left such effects behind, that the war then commenced against the banks, I clearly see, will not terminate, unless there be a separation between them and the Government—until one or the other triumphs—till the Government becomes the bank, or the bank the Government. In resisting their union I act as the friend of both. I have, as I have said, no unkind feelings toward the banks. I am neither a bank man nor an anti-bank man. I have had little connection with them. Many of my best friends, for whom I have the highest esteem, have a deep interest in their prosperity, and as far as friendship or personal attachment extends, my inclination would be strongly in their favor. But I stand up here as the representative of no particular interest. I look to the whole, and to the future as well as the present; and I shall steadily pursue that course which, under the most enlarged view, I believe to be my duty. In 1834 I saw the present crisis. I in vain raised a warning voice, and endeavored to avert it. I now see, with equal certainty, one far more portentous. If this struggle is to go on—if the banks will insist upon a reunion with the Government, against the sense of a large and influential portion of the community—and, above all, if they should succeed in effecting it, a reflux flood will inevitably sweep away the whole system. A deep popular excitement is never without some reason, and ought ever to be treated with respect; and it is the part of wisdom to look timely into the cause, and correct it before the excitement shall become so great as to demolish the object, with all its good and evil, against which it is directed.

The only safe course for both Government and banks is to remain as they are, separated—each in the use of its own credit and in the management of its own affairs. The less the control and influence of the one over the other, the better. Confined to their legitimate sphere—that of affording temporary credit to commercial and business men, bank notes would furnish a safe and convenient circulation in the range of commerce and business, within which the banks may be respectively situated, exempt almost entirely from those fluctuations and convulsions to which they are now so exposed; or, if they should occasionally be subject to them, the evil would be local and temporary, leaving undisturbed the action of the Government, and the general currency of the country, on the stability of which the prosperity and safety of the community so much depend.

I am of the impression, to make this great measure successful and secure it against reaction, some stable and safe medium of circulation, to take the place of bank notes in the fiscal operations of the Government, ought to be issued. I intend to propose nothing. It would be impossible, with so great a weight of opposition, to pass any measure without the entire support of the Administration. I then intend merely to throw out suggestions, in order to excite the reflection of others on a subject so delicate, and of so much importance—acting on the principle that it is the duty of all in so great a juncture to present their views without reserve.

It is, then, my impression that, in the present condition of the world, a paper currency, in some form, if not necessary, is almost indispensable in financial and commercial operations of civilized and extensive communities. In many respects it has a vast superiority over a metallic currency, especially in great and extended transactions, by its greater cheapness, lightness, and the facility of determining the amount. The great desideratum is to ascertain what description of paper has the requisite qualities of being free from fluctuation in value, and liability to abuse, in the greatest perfection. I have shown, I trust, that the bank notes do not possess these requisites in a degree sufficiently high for this purpose. I go further. It appears to me, after bestowing the best reflection I can give the subject, that no convertible paper—that is, no paper whose credit rests upon a *promise to pay*—is suitable for currency. It is the form of credit proper in private transactions between man and man, but not for a standard of value, to perform exchanges generally, which constitute the appropriate functions of money or currency. The measures of safety in the two cases are wholly different. A promissory note, or convertible paper, is considered safe so long as the drawer has ample means to meet his engagements; and, in passing from hand to hand, regard is had only to his ability and willingness to pay. Very different is the case in currency. The aggregate value of the currency of a country necessarily bears a small proportion to the aggregate value of its property. It follows that an increase in the amount of the currency, by the addition of a paper circulation of no intrinsic value, but increases the nominal value of the aggregate property of the country in the same proportion that the increase bears to the whole amount of currency; so that, if the currency be doubled, the nominal value of the property will also be doubled. Hence it is that, when the paper currency of a country is in the shape of promissory

notes, there is a constant tendency to excess. And hence, with other causes, there is the constant tendency to an excessive issue of bank notes in prosperous times, when so large a portion of the community are anxious to obtain accommodation, and who are disappointed when negotiable paper is refused by the banks—not reflecting that it would not be safe to discount beyond the limits of a safe circulation, however good the paper offered.

On what, then, ought a paper currency to rest? I would say, on demand and supply simply, which regulates the value of everything else—the constant demand which the Government has on the community for its necessary supplies. A medium, resting on this demand, which simply obligates the Government to receive it in all of its dues, to the exclusion of everything else, except gold and silver—and which shall be optional with those who have demands on Government to receive or not, would, it seems to me, be as stable in its value as those metals themselves, and be as little liable to abuse as the power of coining. It would contain within itself a self-regulating power. It could only be issued to those who had claims on the Government, and to those only with their consent, and, of course, only at or above par with gold and silver, which would be its habitual state; for, so far as the Government was concerned, it would be equal, in every respect, to gold and silver, and superior in many, particularly in regulating the distant exchanges of the country. Should, however, a demand for gold and silver from abroad, or other accidental causes, depress it temporarily, as compared with the precious metals, it would then return to the treasury, and as it could not be paid out during such depression, its gradual diminution in the market would soon restore it to an equality, when it would again flow out into the general circulation. Thus there would be a constant alternate flux and reflux into and from the treasury, between it and the precious metals; but, if at any time a permanent depression in its value be possible from any cause, the only effect would be to operate as a reduction of taxes on the community, and the only sufferer would be the Government itself. Against this its own interest would be a sufficient guaranty.

Nothing but experience can determine what amount and of what denominations might be safely issued; but it may be safely assumed that the country would absorb an amount greatly exceeding its annual income. Much of its exchanges, which amount to a vast sum, as well as its banking business, would revolve about it, and many millions would thus be kept in circulation beyond the demands of the Government. It may throw some light on this subject to state that North Carolina, just after the Revolution, issued a large amount of paper, which was made receivable in dues to her. It was also made a legal tender, but which, of course, was not obligatory after the adoption of the Federal Constitution. A large amount, say between four and five hundred thousand dollars, remained in circulation after that period, and continued to circulate for more than twenty years at par with gold and silver during the whole time, with no other advantage than being received in the revenue of the State, which was much less than $100,000 per annum.

No one can doubt that the fact of the Government receiving and paying away bank notes in all its fiscal transactions is one of the principal sources of their great circulation; and it was mainly on that account that the notes of the late Bank of the United States so freely circulated all over the Union. I would ask, then, why should the Government mingle its credit with that of private corporations? No one can doubt but that the Government credit is better than that of any bank—more stable and more safe. Why then should it mix it up with the less perfect credit of those institutions? Why not use its own credit to the amount of its own transactions? Why should it not be safe in its own hands, while it shall be considered safe in the hands of eight hundred private institutions scattered all over the country, and which have no other object but their own private profits, to increase which, they almost constantly extend their business to the most dangerous extremes? And why should the community be compelled to give six per cent. discount for the Government credit blended with that of the banks, when the superior credit of the Government could be furnished separately, without discount, to the mutual advantage of the Government and the community? Why, let me ask, should the Government be exposed to such difficulties as the present, by mingling its credit with the banks, when it could be exempt from all such by using by itself its own safer credit? It is time the community, which has so deep an interest in a sound and cheap currency, and the equality of the laws between one portion of the citizens and the country and another, should reflect seriously on these things; not for the purpose of oppressing any interest, but to correct gradually disorders of a dangerous character, which have insensibly, in the long course of years, without being perceived by anyone, crept into the State.

Having now presented my views of the course and the

measures which the permanent policy of the country, looking to its liberty and lasting prosperity, requires, I come finally to the question of relief. The patient lies under a dangerous disease, with a burning thirst and other symptoms, which distress him more than the vital organs which are attacked. The skillful physician first makes himself master of the nature of the disease, and then determines on the treatment necessary for the restoration of health. This done, he next alleviates the distressing symptoms, as far as is consistent with the restoration of health, and no further. Such shall be my course.

After the best reflection, I am of the opinion that the Government can do but little in the way of relief, and that it is a case which must be mainly left to the constitution of the patient, who, thank God, is young, vigorous, and robust, with a constitution sufficient to sustain and overcome the severest attack. I dread the doctor and his drugs much more than the disease itself. The distress of the country consists in its indebtedness, and can only be relieved by payment of its debts. To effect this, industry, frugality, economy, and *time* are necessary. I rely more on the growing crop—on the cotton, rice, and tobacco of the South—than on all the projects or devices of politicians. I am utterly opposed to all coercion by this Government. But Government may do something to relieve the distress. It is out of debt, and is one of the principal creditors both of the banks and of the merchants, and should set an example of liberal indulgence. This I am willing to give freely. I am also prepared to vote freely the use of Government credit, in some safe form, to supply any deficit in the circulation during the process of recovery, as far as its financial wants will permit. I see not what more can be safely done.

We have, Mr. President, arrived at a remarkable era in our political history. The days of legislative and executive encroachments, of tariffs and surpluses, of bank and public debt, and extravagant expenditure are past for the present. The Government stands in a position disentangled from the past, and freer to choose its future course than it ever has been since its commencement. We are about to take a fresh start. I move off under the State Rights banner, and go in the direction in which I have been so long moving. I seize the opportunity thoroughly to reform the Government; to bring it back to its original principles; to retrench and economize, and rigidly to enforce accountability. I shall oppose, strenuously, all attempts to originate a new debt; to create a national bank; to reunite the political and money powers (more dangerous than Church

and State) in any form or shape; to prevent the disturbances of the compromise, which is gradually removing the last vestige of the tariff system; and, mainly, I shall use my best efforts to give an ascendency to the great conservative principle of State sovereignty, over the dangerous and despotic doctrine of consolidation. I rejoice to think that the Executive Department of the Government is now so reduced in power and means that it can no longer rely on its influence and patronage to secure a majority. Henceforward it can have no hope of supporting itself but on wisdom, moderation, patriotism, and devoted attachment to the Constitution, which I trust will make it, in its own defence, an ally in effecting the reform which I deem indispensable to the salvation of the country and its institutions.

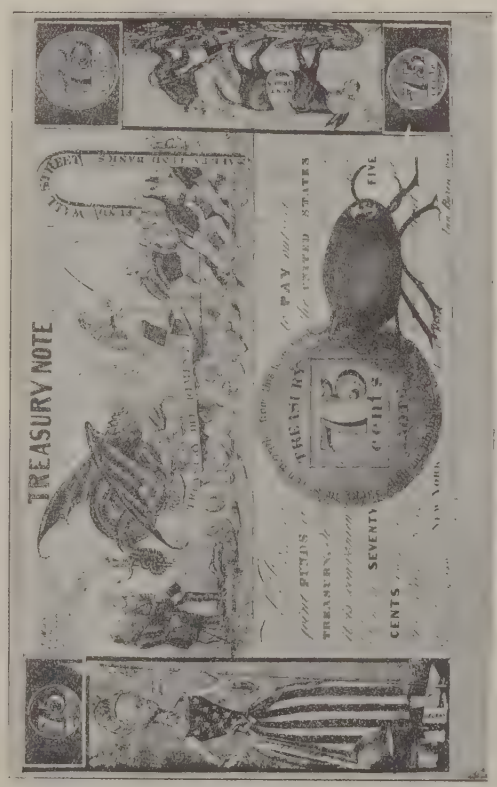
SENATOR RIVES.—Sir, I have always been taught to believe—my honorable colleague and myself learned it from the bill of rights of our own State as soon as we were capable of reading—that a common interest between the governors and the governed is a fundamental principle of free institutions, and that the best means of "restraining the former from oppression is to make them feel and participate in the burdens of the latter." Let the Government share the same fate with the citizen, and you give it the strongest of all motives to watch over the general interests. On the other hand, place it in a position different from that of the great body of the community, especially in so vital a matter as that of its revenue and pecuniary support, and you make it at once callous and indifferent to the sufferings of the people, and even give it an interest to perpetuate those sufferings. You destroy all sympathy on the part of the Government with the people, and you alienate the confidence and affections of the people from the Government.

What, sir, is at this moment the ungracious attitude in which the Government is placed toward the people? Its officers and contractors are paid in gold and silver, or in treasury drafts made receivable in discharge of public dues, and therefore nearly equivalent to gold and silver, while the community at large are left to conduct their business as they may, in an irredeemable paper currency. Does not this operate as a virtual increase of the salaries of public officers, in the midst of general distress affecting all the rest of the community? The gold and silver which they receive is at a premium of ten or twelve per cent., and the treasury drafts at seven or eight per cent., above the actual and common currency of the country. This premium is, I repeat, an addition of so much to the amount of their salaries; for, in a practical sense, there has as yet been

no depreciation in the value of current bank notes. They pass for as much in the ordinary business of life—in the payment of debts, in the purchase of necessaries and conveniences, of whatever is worn, drunk, or eaten—as they ever did. The premium, then, which the public officers and contractors obtain on their gold and silver and treasury drafts is so much clear gain to them. And at whose expense is it acquired? Is it not at that of the great body of the people, the ultimate taxpayers and supporters of the Government? Does anyone suppose that the importing merchant, who has to give ten or twelve per cent. for the gold and silver, and seven or eight per cent. for the treasury drafts, with which he pays his duties to the Government, does not add an equal amount, with the usual profit upon it, to the price of his goods? It is, then, the consumer at last, or, in other words, the great body of the people, who are subject to increased taxation for the benefit of the officeholder and the contractor.

Sir, this is a state of things which I do not wish to see perpetuated. It is contrary to the genius and fundamental principles of our republican system. Of all schemes of policy I can conceive, that which proposes a permanent distinction between the Government and the people in their pecuniary interests—one currency, and that the better one, for the Government, and another and inferior currency for the people—such a system of discrimination is, to my mind, of all others, the most injurious and revolting in principle, the most heartless in character, and the most despotic in its tendencies. It is like quartering the Government, as a foreign enemy, on the heart of the country. You intrench it behind a frowning fortification, surround it with battlements, and lay the country, far and near, under contribution for the support of this garrison of officeholders. Desolation and oppression are without, while the tenants of the citadel are reveling in luxury and profusion within. I am not willing, for one, to see the Government of my country placed in this anti-social, if not belligerent, attitude toward the people. I am not willing that this favored land, to which the nations of the earth are looking for a successful example of the practical enjoyment of free institutions, should exhibit such a spectacle of inequality and oppression in the eyes of the world.

Much reliance, Mr. President, has been placed on the popular catchword of divorcing the Government from all connection with banks. Nothing is more delusive and treacherous than catchwords. How often has the revered name of liberty been invoked, in every quarter of the globe, and every age of the world, to disguise and sanctify the most heartless despot-



"SHINPLASTER" CARICATURE OF VAN BUREN, JACKSON, AND CALHOUN
From the collection of the New York Historical Society

ism. Let us beware that, in attempting to divorce the Government from all connection with banks, we do not end with divorcing the Government from the people.

SENATOR TALLMADGE.—The banks are now as able, with the aid and confidence of the Government, to perform all the duties required of them as they were before. We have the testimony of the President and the Secretary of the Treasury that they performed them as well as the Bank of the United States. They are capable of doing the same again in the same way. I am not, therefore, prepared to say that, on account of the calamity which has befallen the country, the experiment has failed, and they ought not to be employed a second time. No, sir; such a catastrophe may not occur again in the course of a century. One reason assigned for it now was the existence of an enormous surplus in the treasury. This cause is not likely to exist hereafter, for every man is willing to bring down our receipts to the measure of our wants; and under that, as a general rule, such a catastrophe might never happen again. The banks have abundance of means to meet all their engagements. Such being the case, all that is necessary is to create confidence, to restore confidence, and they will be found able to perform all that is required of them. Let that confidence be extended to them by the Government in good faith, and let them be placed on their former footing. Let the Government pursue a system which has been tried, and which we know will prove effectual, instead of attempting an "untried expedient," the disastrous consequences of which cannot be anticipated, and which, I fear, imagination can scarcely depict.

This new experiment consists in a "divorce of bank and state." This is a mere catchphrase, which was originally introduced by artful and designing politicians to impose upon the credulity and honesty of the people. Many have adopted it without reflecting or inquiring as to its import or its consequences. First impressions are favorable to it; it summons to our recollection our early impressions of a "divorce of church and state." But it is the duty of wise statesmen and discreet politicians to consider well the evils which must follow the adoption of any system heretofore untried and of doubtful policy, however euphonious the phrase may be which designates its character before the people.

The proposition contained in these few catchwords strikes at the very foundation of the credit system of the country. It does not stop with the destruction of bank credit, but strangles, in its withering grasp, commercial credit also. It establishes

a depreciated paper currency for the people, and an appreciated specie currency for the incumbents of office, and for Government contractors. It gives the baser currency to the master, and the "better currency" to the servant. In a Government like ours it is impossible long to preserve our institutions or our liberties if such distinctions are to prevail. It separates the Government of the people from the people themselves, as if those whom the people have chosen to direct their affairs were of a superior order, or distinct class in society, endowed with peculiar privileges beyond the rest of the community. It has a tendency to alienate the affections of the people from the Government. They will come to consider it not as a Government identified with their feelings and interests, but as something foreign to them. This is not all. The Government itself will lose in a measure the idea of dependence on the people. This want of dependence is too much felt already. Put this additional power into its hands, and the identity of interests which exists, or ought to exist between them, is done away.

Under this system, the specie of the country will be drawn from circulation, and from the vaults of the banks, where it is the basis of circulation and of confidence, and deposited in these sub-treasury vaults, till the country is left without a sufficient circulating medium to transact its ordinary business. The farmer, the merchant, the manufacturer, and the mechanic will be unable to command the means to pursue their ordinary avocations, no matter what their property may be. They may be rich in houses and lands, in goods and merchandise, in manufactures and machinery, in materials, in tools and implements of trade, nay, they may possess the best of bonds and mortgages, and every species of stock which has heretofore been deemed equivalent to money, and still they will be unable to carry on their ordinary business for want of a circulating medium by which to transact it. Credit is the poor man's capital, as well as the auxiliary of the rich. Deprive him of this, and his habits of industry, his character for probity, his good name and reputation avail him nothing. He has no means by which he can rise above the ordinary occupation of a day laborer. With a growing family, and the increased expense of living, he is doomed to abject poverty, without the slightest hope of ever gaining that standing and that condition in society which a "well-regulated credit system" always holds out to the enterprising, the honest, the industrious portion of the community.

The tendency of this scheme is to bring the country virtu-

ally to an exclusive metallic currency. Whatever gentlemen may say on this subject, this wild and visionary theory is gaining ground with a certain portion of our population. It is propagated by reason of the countenance which it is supposed to receive from men in high places. Meetings have been held in New York and elsewhere, at which an exclusive metallic currency has been resolved on as the only true policy. All paper money of every description has been repudiated, as contrary to the genius of our Government and the spirit of our institutions. In the same resolutions, men in elevated stations have been applauded by name for maintaining the same doctrines. The proceedings of such meetings have been responded to in terms of approbation, thereby tacitly acquiescing in all the principles set forth in them, and thus giving currency to them with the people. It is the belief that such principles are recognized by those to whose approval they are submitted that excites the alarm and apprehension which pervade the rational and thinking portion of the community. It is this, too, which gives countenance to the idea that the sub-treasury scheme is intended to bring about an exclusive metallic currency.

Gentlemen are very anxious, apparently, for this divorce, as they are pleased to term it. I would remind them, however, that, while they are talking of a divorce, they are getting up an incestuous union between members of the same family—a marriage which is unlawful; and which I would say comes within the Levitical decrees, and therefore ought to be forbidden.

This union which is now proposed is a most unsafe and dangerous one. It reminds me of an anecdote of a captain of a packet with whom I was acquainted, who informed me that he always found it indispensably necessary, for the safety of his ship's stores, to have his cook and his steward of different families, and if possible of different colors, and, if he could get up a fight between them, it was all the better; for, if they were connected together in a common bond of interest or affection, the stores were apt to be wasted. So here, I think our stores, the stores of the ship of state, will not be safe, if a union take place between the Government and the public treasury, which ought to be separated in different sets of hands, and those, too, antagonistic hands.

I do not wish to disparage our public officers or those who may be employed under this system. But I look at human nature as it is. I look at the temptations to which they are exposed. The confidence of individuals in their own integrity may be unbounded, and they will never suspect it till put to

the test of such temptations as will be presented under this system. I mean no unnecessary or improper disparagement when I say I have no faith in the safety of the public money if this scheme goes into operation. There is danger in every stage of it. And no opportunity will pass unimproved where the temptation is sufficiently presented. There is no safety in it.

> "You may as well spread out the unsunn'd heaps
> Of miser's treasure by an outlaw's den,
> And tell me it is safe, as bid me hope
> Danger will wink on opportunity."

SENATOR BENTON.—I am for restoring to the Federal treasury the currency of the Constitution. I am for carrying back this Government to the solidity projected by its founders. This is a great object in itself—a reform of the first magnitude—a reformation with healing on its wings, bringing safety to the Government and blessings to the people. The currency is a thing which reaches every individual and every institution.

Great are the evils, political, pecuniary, and moral, which have flowed from this departure from our Constitution. Through the Federal Government alone—through it, not by it—two millions and a half of money have been lost in the last four months. Thirty-two millions of public money was the amount in the deposit banks when they stopped payment; of this sum twenty-five millions have been paid over to Government creditors, or transferred to the States. But how paid, and how transferred? In what? In real money, or its equivalent? Not at all! But in the notes of suspended banks—in notes depreciated, on an average, ten per cent. Here then were two and a half millions lost. Who bore the loss? The public creditors and the States. Who gained it? for where there is a loss to one there must be a gain to another. Who gained the two and a half millions thus sunk upon the hands of the creditors and the States? The banks were the gainers; they gained it; the public creditors and the States lost it; and to the creditors it was a forced loss. It is in vain to say that they consented to take it. They had no alternative. It was that or nothing. The banks forced it upon the Government; the Government forced it upon the creditor. Consent was out of the question. Power ruled, and that power was in the banks; and they gained the two and a half millions which the States and the public creditors lost.

The Senator from New York [Mr. Tallmadge] has predicted

an argument in favor of the local banks on account of the small amount of the public money which has been lost in their hands; but here is two and a half millions in a single operation, and without going back to the period of bank stoppages in 1819 and 1814. He confines himself to direct losses, but that is a most imperfect view of the question. The full view embraces, besides direct losses, all that are incidental to the use of depreciated paper money; increased prices—disappointed operations by sea and land in time of war—and embarrassed operations in time of peace; per centums shaved off at every step; the ignorant, the helpless, the necessitous imposed upon; and one vast scene of pushing off bad paper on each other exhibited all over the country.

I do not pretend to estimate the moneyed losses, direct or indirect, to the Government alone, from the use of local bank notes, in the last twenty-five years, including the war, and covering three general suspensions. Leaving the people out of view, as a field of losses beyond calculation, I confine myself to the Federal Government, and say its losses have been enormous, prodigious, and incalculable. We have had three general stoppages of the local banks in the short space of twenty-two years. It is at the average rate of one in seven years; and who is to guarantee us from another, and from the consequent losses, if we continue to receive their bills in payment of public dues. Another stoppage must come, and that, reasoning from all analogies, in less than seven years after the resumption. Many must perish in the attempt to resume, and would do better to wind up at once, without attempting to go on, without adequate means, and against appalling obstacles. Another revulsion must come. Thus it was after the last resumption (in 1817). Why was it that, within two years after resumption, both in England and in our America, these disastrous revulsions ensued? Loss of confidence was the cause; and that loss resulting, not from the act of Government, but from the conduct of the banks themselves. The banks had failed, and, therefore, could fail. The people had seen them fail, and, therefore, they feared they might do so again. There was no confidence in them; no more than the coachman places in the balking horse when he comes to the hill. The gentleman from Virginia [Mr. Rives] wishes the Government to do something to reanimate confidence in these banks. Could a law of Congress inspire confidence into his coachman, and give him faith in the balking horse? No more can it be done in relation to these banks. They have stopped, universally and simultaneously, in a season of profound peace and general prosperity—no war, no pestilence, no famine—with four times as much specie in the country as ever was in it before; and this stoppage has killed confidence. It is dead by the act of the banks, and cannot be legislated into existence again by act of Congress. Confidence is a plant of voluntary and not of forced existence. It is said by an eminent man to be a plant of slow growth. We all know it to be so; and we know, besides, that, when this plant is once pulled up by the roots, it rarely takes root again in the same place.

The Senators from New York and Virginia [Messrs. Tallmadge and Rives] push this point of confidence a little further; they address a question to me, and ask if I would lose confidence in all steamboats, and have them all discarded, if one or two blew up in the Mississippi? I answer the question in all frankness and say that I should not. But if, instead of one or two in the Mississippi, all the steamboats in the Union should blow up at once—in every creek, river, and bay—while all the passengers were sleeping in confidence, and the pilots crying out all is well; if the whole should blow up from one end of the Union to the other just as fast as they could hear each other's explosions; then, indeed, I should lose confidence in them, and never again trust wife, or child, or my own foot, or anything not intended for destruction, on board such sympathetic and contagious engines of death. I answer further, and tell the gentlemen that, if only one or two banks had stopped last May in New York, I should not have lost all confidence in the remaining nine hundred and ninety-nine; but when the whole thousand stopped at once; tumbled down together—fell in a lump—lie there—and when one of their number, by a sign with the little finger, can make the whole lie still, then, indeed, confidence is gone! And this is the case with the banks. It did not take a national calamity—a war to stop them! They fell in time of peace and prosperity! We read of people in the West Indies and in South America who rebuild their cities on the same spot where earthquakes have overthrown them; we are astonished at their fatuity; we wonder that they will build again on the same perilous foundations. But these people have a reason for their conduct; it is that their cities are destroyed only by earthquakes; and, when there is no earthquake, they are safe. But suppose their cities fell down without any commotion in the earth or the air—fell in a season of perfect calm and serenity—and after that the survivors should go to building again in the same place; would not all the world say that they were demented and were doomed to destruction? So of the Govern-

ment of the United States by these banks. If it continues to use them, and to receive their notes for revenue, after what has happened, and in the face of what now exists, it argues fatuity and a doom to destruction.

Resume when they will, or when they shall, and the longer it is delayed the worse for themselves, the epoch of resumption is to be a perilous crisis to many. This stopping and resuming by banks is the realization of the poetical description of the descent into hell, and the return from it. *Facilis descensus Averni—sed revocare gradum—hoc opus, hic labor est.* Easy is the descent into the regions below, but to return! this is work, this is labor indeed! Our banks have made the descent; they have gone down with ease; but to return—to ascend the rugged steps, and behold again the light above—how many will falter and fall back again into the gloomy regions below!

Banks of circulation are banks of hazard and of failure. It is an incident of their nature. Those without circulation rarely fail. That of Venice has stood seven hundred years; those of Hamburg, Amsterdam, and others have stood for centuries. The Bank of England, the great mother of banks of circulation, besides an actual stoppage of a quarter of a century, has had her crisis and convulsion in average periods of seven or eight years, for the last half century—in 1783, '93, '97, 1814, '19, '25, '36—and has been saved from repeated failure only by the powerful support of the British Government and profuse supplies of exchequer bills. Her numerous progeny of private and joint stock banks of circulation have had the same convulsions; and, not being supported by the Government, have sunk by hundreds at a time. All the banks of the United States are banks of circulation; they are all subject to the inherent dangers of that class of banks, and are, besides, subject to new dangers peculiar to themselves. From the quantity of their stock held by foreigners, the quantity of other stocks in their hands, and the current foreign balance against the United States, our paper system has become an appendage to that of England. As such, it suffers from sympathy when the English system suffers. In addition to this, a new doctrine is now broached—that our first duty is to foreigners! and, upon this principle, when the banks of the two countries are in peril, ours are to be sacrificed to save those of England!

The power of a few banks over the whole presents a new feature of danger in our system. It consolidates the banks of the whole Union into one mass, and subjects them to one fate, and that fate to be decided by a few, without even the knowledge

of the rest. An unknown divan of bankers sends forth an edict which sweeps over the empire, crosses the lines of States with the facility of a Turkish firman, prostrating all State institutions, breaking up all engagements, and leveling all law before it. This is consolidation of a kind which the genius of Patrick Henry had not even conceived. But, while this firman is thus potent and irresistible for prostration, it is impotent and powerless for resurrection. It goes out in vain, bidding the prostrate banks to rise. A veto power intervenes. One voice is sufficient to keep all down; and thus we have seen one word from Philadelphia[1] annihilate the New York proposition for resumption, and condemn the many solvent banks to the continuation of a condition as mortifying to their feelings as it is injurious to their future interests.

But what excuse, what apology, what justification have we for surrendering, abandoning, and losing the precise advantage for which the present Constitution was formed? What was that advantage—what the leading and governing object which led to the abandonment of the old confederation and induced the adoption of the present form of government? It was revenue! independent revenue! a revenue under the absolute control of this Government, and free from the action of the States. This was the motive, the leading and governing motive, which led to the formation of this Government. The reason was that the old Confederation, being dependent upon the States, was often left without money. This state of being was incompatible with its existence; it deprived it of all power; its imbecility was a proverb. To extricate it from that condition was the design and the cardinal design of the new Constitution. An independent revenue was given to it—independent even of the States. Is it not suicidal to surrender that independence, and to surrender it, not to States, but to money corporations? What does history record of the penury and moneyed destitution of the old Confederation, comparable to the annihilation of the revenues of this Government in May last, when the banks shut down, in one night, upon a revenue in hand of thirty-two millions; even upon that which was in the names of disbursing officers, and refuse a nine-pence or a picaillon[2] in money from that day to this? The old Confederation was often reduced low—often near empty-handed—but never saw itself stripped in an instant, as if by enchantment, of tens of millions and heard the shout of triumph thundered over its head, and the notes of

[1] From Nicholas Biddle, President of the Bank of the United States.
[2] Picayune.

exultation sung over its supposed destruction! Yet this is what we have seen—what we now see—from having surrendered to corporations our moneyed independence, and unwisely abandoned the precise advantage which led to the formation of this Federal Government.

I do not go into the moral view of this question. It is too obvious, too impressive, too grave, to escape the observation of anyone. Demoralization follows in the train of an unconvertible paper money. The whole community becomes exposed to a moral pestilence. Every individual becomes the victim of some imposition, and, in self-defence, imposes upon some one else. The weak, the ignorant, the uninformed, the necessitous are the sufferers; the crafty and the opulent are the gainers. The evil augments until the moral sense of the community, revolting at the frightful accumulation of fraud and misery, applies the radical remedy of total reform.

Thus pecuniary, political, and moral considerations require the Government to retrace its steps, to return to first principles, and to restore its fiscal action to the safe and solid path of the Constitution. Reform is demanded. It is called for by every public and by every private consideration. Now is the time to make it. The connection between bank and State is actually dissolved. It is dissolved by operation of law, and by the delinquency of these institutions. They have forfeited the right to the deposits, and lost the privilege of paying the revenue in their notes, by ceasing to pay specie. The Government is now going on without them, and all that is wanting is the appropriate legislation to perpetuate the divorce which, in point of fact, has already taken place. Now is the time to act; this the moment to restore the constitutional currency to the Federal Government; to restore the custody of the public moneys to national keepers; and to avoid, in time to come, the calamitous revulsions and perilous catastrophes of 1814, 1819, and 1837.

SENATOR CLAY.—We are told that it is necessary to separate, divorce the Government from the banks. Let us not be deluded by sounds. Senators might as well talk of separating the Government from the States, or from the people, or from the country. We are all—people—States—Union—banks—bound up and interwoven together, united in fortune and destiny, and all, all entitled to the protecting care of a parental government. You may as well attempt to make the Government breathe a different air, drink a different water, be lit and warmed by a different sun from the people! A hard-money government and a paper-money people! A Government, an official corps—the

servants of the people—glittering in gold, and the people themselves, their masters, buried in ruin, and surrounded with rags.

No prudent or practical government will in its measures run counter to the long-settled habits and usages of the people. Religion, language, laws, the established currency and business of the whole country cannot be easily or suddenly uprooted. After the denomination of our coin was changed to dollars and cents many years elapsed before the old method of keeping accounts, in pounds, shillings, and pence, was abandoned. And to this day there are probably some men of the last century who adhere to it. If a fundamental change becomes necessary, it should not be sudden, but conducted by slow and cautious degrees. The people of the United States have always been a paper-money people. It was paper money that carried us through the Revolution, established our liberties, and made us a free and independent people. And, if the experience of the Revolutionary War convinced our ancestors, as we are convinced, of the evils of an irredeemable paper medium, it was put aside only to give place to that convertible paper which has so powerfully contributed to our rapid advancement, prosperity, and greatness.

The proposed substitution of an exclusive metallic currency, to the mixed medium with which we have been so long familiar, is forbidden by the principles of eternal justice. Assuming the currency of the country to consist of two-thirds of paper and one of specie, and assuming also that the money of a country, whatever may be its component parts, regulates all values, and expresses the true amount which the debtor has to pay to his creditor, the effect of the change upon that relation and upon the property of the country would be most ruinous. All property would be reduced in value to one-third of its present nominal amount; and every debtor would, in effect, have to pay three times as much as he had contracted for. The pressure of our foreign debt would be three times as great as it is, while the six hundred millions, which is about the sum now probably due to the banks from the people, would be multiplied into eighteen hundred millions.

There are more specific objections to this project of subtreasuries, which deserve to be noticed. The chief is the fearful increase of Executive patronage.

Hundreds and thousands of new officers are to be created; for this bill is a mere commencement of the system, and all are to be placed under the direct control of the President.

The Senator from South Carolina [Mr. Calhoun] thinks

that the Executive is now weak, and that no danger is to be apprehended from its patronage. I wish to God I could see the subject in the same light that he does. I wish that I could feel free from that alarm at Executive encroachments by which he and I were so recently animated. When and how, let me ask, has that power, lately so feared and formidable, suddenly become so weak and harmless? Where is that corps of one hundred thousand officeholders and dependents whose organized strength, directed by the will of a single man, was lately held up in such vivid colors and powerful language by a report made by the Senator himself? When were they disbanded? What has become of proscription? Its victims may be exhausted, but the spirit and the power which sacrificed them remain unsubdued. What of the dismissing power? What of the vote? Of that practice of withholding bills, contrary to the Constitution, still more reprehensible than the abuses of the veto? Of treasury orders, put in force and maintained in defiance and contempt of the legislative authority? And, although last, not least, of that expunging power which degraded the Senate, and placed it at the feet of the Executive?

Which of all these enormous powers and pretensions has the present Chief Magistrate disavowed? So far from disclaiming any one of them, has he not announced his intention to follow in the very footsteps of his predecessor? And has he not done it? Was it against the person of Andrew Jackson that the Senator from South Carolina so ably coöperated with us? No, sir, no, sir, no. It was against his usurpations, as we believed them; against his arbitrary administration; above all, against that tremendous and frightful augmentation of the power of the Executive branch of the Government, that we patriotically but vainly contended. The person of the Chief Magistrate is changed, but there stands the Executive power, perpetuated in all its vast magnitude, undiminished, reasserted, and overshadowing all the other departments of the Government. Every trophy which the late President won from them now decorates the Executive mansion. Every power which he tore from a bleeding Constitution is now in the Executive armory, ready, as time and occasion may prompt the existing incumbent, whoever he may be, to be thundered against the liberties of the people.

Whatever may have been the motives or the course of others, I owe it to myself and to truth to say that, in deprecating the election of General Andrew Jackson to the office of Chief Magistrate, it was not from any private considerations, but because

I considered it would be a great calamity to my country; and that, in whatever opposition I made to measures of his Administration, which more than realized my worst apprehensions, I was guided solely by a sense of public duty. And I do now declare my solemn and unshaken conviction that, until the Executive power, as enlarged, extended, and consolidated by him, is reduced within its true constitutional limits, there is no permanent security for the liberties and happiness of this people.

Pass this bill, and whatever divorce its friends may profess to be its aim, that perilous union of the purse and the sword, so justly dreaded by our British and Revolutionary ancestors, becomes absolute and complete. And who can doubt it who knows that over the Secretary of the Treasury at Washington, and every sub-treasurer, the President claims the power to exercise uncontrolled sway?

SENATOR WALKER.—Sir, the Senator from South Carolina [Mr. Calhoun] is right; and I hail him back with pleasure, on this question, to the ranks of the Democracy, of which he was so long the pride and ornament. Well may he who has on this floor so repeatedly opposed the augmentation of Executive power—well may he support the bill now under consideration; because it not only adds nothing to Executive patronage, but takes from it that alarming patronage and power that it could have acquired through the deposit bank system.

Vague and general denunciation we have indeed had, but how one iota of power or patronage will be conferred on the President by this bill, in addition to that which he already possesses, has not been designated; but, were it so conferred, the bank patronage, of which this bill deprives him, would be infinitely greater.

The President's message is against the extension of Executive patronage. Its cardinal doctrine is this: "A limitation of the expenses of the Government to its actual wants, and of the revenue to those expenses." This, then, is the President's doctrine, openly avowed in his message—reduction of the expenses and of the revenue, economy in all public expenditures, and no "interference with the pursuits of the citizen." "No special favors to individuals or any classes of them, to create systems of agriculture, manufactures, or trade." These are the doctrines of the message; and do they enlarge Executive patronage? How is Executive patronage enlarged? It is chiefly by extending the powers of this Government, and augmenting its revenues; for every increase of the powers and revenue of the Government is an augmentation of the power of the Executive

functionary. This the message avoids; but what measures would the Senator from Kentucky give us to reduce Executive patronage? His policy would give us a quadruple alliance between the surplus, the bank, the tariff, and internal improvements, all certainly tending to, and terminating in, a national debt, to create a new tariff. The tariff to regulate the whole industry of the whole people of the Union and build up vast manufacturing establishments by the extension and perversion of the taxing power of this Government. A great national bank, to grow rich upon the revenue deposited from the proceeds of the tariff, deriving its profits from Government moneys, and, of course, the ally of the Administration which feeds and created it. The internal improvement policy, growing and extending with the increase of the tariff, and making roads and canals in some favored States, by taxes collected from the whole people; and, lastly, to give universality to the principle, the surplus—the annual surplus for distribution, from sales, by townships and counties at an entry, to speculators in the public lands—a system calculated to debauch and corrupt the States; to break down every feeling of State independence; to feed them annually, from the public treasury, mere stipendiaries upon our bounty; supporting even their State governments and State officers from the revenues of this Government. And at the head of this mighty system, this consolidation of all powers in this Government, would stand the Executive of those powers—the President of the United States, a monarch in everything but a name. And, sir, this league of State banks, confederated by the Government, and fed by the tariff, increasing its deposits and profits, would be the next most potent ally of these systems. It would station some hundred bank fortresses throughout the States, armed and equipped by Government deposits, and extending Executive power and influence. All this President Van Buren would avoid. No, sir, no; it is not the principle or policy of this Administration—Give us patronage and we will make ourselves popular.

It is said this bill, separating the Government from the banks, will divorce the Government from the people. Are the banks the people? No, sir; this bill will elevate the people, and the Government of the people, and of the States, above the banks, and prevent them from arresting the Government, as they now do, by withholding the public revenue. It will have a still greater tendency to elevate the people above the banks, by diminishing, by its incidental operation, the amount of bank paper, and increasing the circulation of gold and silver—for the

payment of it into the treasury will be as constantly flowing out, enriching and fertilizing the whole country.

We have been told that the terms divorce of bank and state, as reminding the people of the divorce of church and state, are popular catchwords. I have not used these terms, although I firmly believe that the union of bank and state would soon prove as fatal to liberty as the union of church and state; but, let me ask, are not the terms used upon the other side—one currency for the people, and another for the Government—and the terms separating the Government from the people, mere popular catchwords, which will not bear, as we have seen, the slightest examination. It is said this bill will destroy credit by impairing confidence in banks. Have we not had too much confidence in banks, and have they not proved the greatest and universal destroyers of all credit and all confidence? Yes, these very banks, by their expansions, contractions, and failures, destroyed all confidence and all credit, not only in themselves, but also between man and man, and almost between nation and nation. It is the banks that render prices, confidence, and credit fluctuating and uncertain; and, before their existence, the page of history tells that confidence and credit, between man and man, were infinitely more universal, and that protest of bills of exchange and mercantile failures were then almost wholly unknown. Specie was not hoarded nor credit withheld from honest industry, but universally extended, unchecked by that overthrow of all confidence and all credit, arising from expansions, contractions, and explosions of the bank paper system. We are told that confidence, confidence is the magic word, and the Government has only to breathe into these banks the breath of confidence, and all will be well. Sir, if these banks, limited and restrained by the State legislatures, ought to be continued, I would rather, by the ultimate incidental operation of this bill, push a little more of their paper out of circulation, and much more specie into the vaults, than all the false and delusive confidence that could be excited by the Government indorsement of eight hundred and twenty-three suspended State banks.

While this measure will have a most beneficial effect upon the whole country, it is to me an inexpressible gratification that to the sunny South it will prove a fountain of wealth and prosperity. The war of overexpanded credit upon labor and its products, aided by a great national bank at some distant capital, or by the concentration at or near the same point of the great Northern banking capital, sustained by the Government deposits and indorsements, must cease, and paper credit

and the products of labor, left a fair field, without artificial aid, will find labor and its products rising in the scale of importance and influence, and leaving the great staple States a fair opportunity of carrying out their own exports, and introducing their own imports, and the balances in gold and silver, the real, solid, substantial business of their banks, being more safely augmented than all the ruinous aid they can ever receive from Government patronage. And now, sir, if the distinguished Senators opposed to the Administration on this floor will go home to their constituents and explain the full and precise effects of this measure, they can, in aiding the establishment of a sound credit on sound principles—aiding in inspiring a just confidence in the relief this great measure will ultimately extend to all the great interests of the country—they can have almost a moneyed millennium dawn upon the country at once. I appeal to them, then, as patriots, with hearts overflowing with sympathy for the distress of the country, as we have so repeatedly heard on this floor, to unite with us in producing this great, this glorious result; and the thanks of millions of grateful freemen will give them more real happiness, more genuine consolation, and more true and durable applause than all the party triumphs that could adorn the proudest political conquerors. Let them imitate the noble example of the distinguished Senator and statesman from South Carolina, in laying down, in support of this bill, his personal and political prejudices as a burnt offering upon the patriot's altar of his country's good, and for them, also, the swelling heart of a mighty nation will throb with love and gratitude. But should they esteem it their duty to determine otherwise—should their inspiring eloquence and great intellectual power be exerted in appeals to the people against this measure—should it be represented as a tropical tornado, about to sweep in its destructive career over all the great and cherished institutions of our common country, panics and pressures may follow for a time; but soon, yes, very soon, the great principles involved in this bill must and will triumph, and it will then go forth with healing on its wings, hailed by the approving voice of the people. The measure itself will be justly viewed as a third declaration of American independence, and the day of its passage be celebrated in all time to come as a great and glorious national jubilee.

Senator Webster.—Mr. President, the honorable member from South Carolina [Mr. Calhoun] remarked the other day with great frankness and good humor that, in the political classifications of the times, he desired to be considered as noth-

ing but an "honest nullifier." And I am very much afraid, sir, that (whatever he may think of it himself) it has been under the influence of those sentiments which belong to his character as a nullifier that he has so readily and so zealously embraced the doctrines of the President's message. In my opinion, the message, the bill before us, and the honorable member's amendment form, together, a system, a code of practical politics, the direct tendency of which is to nullify and expunge, or, perhaps, more correctly speaking, by a united and mixed process of nullification and expunging, to abolish a highly important and useful power of the Government. It strikes down the principle upon which the Government has been administered, in regard to the subject of the currency, through its whole history; and it seeks to obliterate, or to draw black lines around, that part of the Constitution on which this principle of administration has rested. The system proposed, in my opinion, is not only anti-commercial, but anti-constitutional also, and anti-union in a high degree.

Now, sir, when we look at the message, the bill, and the proposed amendment, their single, exclusive, and undivided object is found to be relief to the Government. Not one single provision is adopted or recommended with direct reference to the relief of the people. They all speak of revenue, of finance, of duties and customs, of taxes and collections; and the evils which the people suffer by the derangement of the currency and the exchanges, and the breaking up of commercial credit, instead of being put forth as prominent and leading objects of regard, are dismissed with a slight intimation, here and there, that, in providing for the superior and paramount interests of Government, some incidental or collateral benefits may, perhaps, accrue to the community. But is Government, I ask, to care for nothing but itself? Is self-preservation the great end of Government? Has it no trust powers? Does it owe no duties but to itself? If it keeps itself in being does it fulfill all the objects of its creation? I think not. I think Government exists, not for its own ends, but for the public utility. It is an agency established to promote the common good by common counsels; its chief duties are to the people; and it seems to me strange and preposterous, in a moment of great and general distress, that Government should confine all its deliberations to the single object of its own revenues, its own convenience, its own undisturbed administration.

Now, sir, my present purpose chiefly is to maintain two propositions:

1. That it is the constitutional duty of this Government to see that a proper currency, suitable to the circumstances of the times, and to the wants of trade and business, as well as to the payment of debts due to Government, be maintained and preserved; a currency of general credit, and capable of aiding the operations of exchange, so far as those operations may be conducted by means of the circulating medium; and that there are duties, therefore, devolving on Congress, in relation to currency, beyond the mere regulation of the gold and silver coins.

2. That the message, the bill, and the proposed amendment, all, in effect, deny any such duty, disclaim all such power, and confine the constitutional obligation of Government to the mere regulation of the coins and the care of its own revenues.

Webster then argued at great length in favor of his propositions, showing that it was the duty of Congress to regulate the paper as well as the metallic currency, and that the proper regulation of the paper currency was a national bank; and concluded:

In every respect this project is objectionable. It is but another "experiment"; and those who recommend it so zealously were the authors of the last, and were equally full of confidence and assurance in regard to that.

Who invite us to try this experiment? What voices do we hear raised in its recommendation? Are they not the well-known voices which we heard so often when the late "experiment" was begun? We know of but one accession. The voice of the honorable member from South Carolina is heard, it is true, now mingling with the general strain; and that is all. Where, then, is the ground for confidence in this experiment, more than there was for it in the last?

This scheme, too, is against all our usages and all our habits. It locks up the revenue, under bolts and bars, from the time of collection to the time of disbursement. Our practice has been otherwise, and it has been a useful practice. In 1833 the Secretary of the Treasury admonished the deposit banks, since they had obtained the custody of the public funds, to accommodate the public, to loan freely, especially to importing merchants. And now a system is proposed to us, according to which any use of the public funds, by way of loan or accommodation to the public, is made a criminal offence, and to be prosecuted by indictment! Admirable, admirable consistency!

Senator Buchanan.—Mr. President: The exhaustion of the human system does not succeed a high degree of unnatural excitement with more unerring certainty than that a depression in the business of the country must follow excessive speculation. The one is a law of nature, the other a scarcely less uniform law of trade.

Whence this eternal vicissitude in the business of the country? What is the secret spring of all these calamities? I answer, the spirit of enterprise, so natural to American citizens, excited into furious action by the stimulus of excessive banking. It operates as does the inhaling of oxygen gas upon the human mind, urging it on to every extravagance and to every folly.

Senators have attributed some portion of the existing distress to the act of 1834, regulating the standard of our gold coins. They have not told us, and they cannot tell us, how this act could have produced such an effect. It was no party measure, and, upon its passage, there were but few, I believe seven, votes against it in the Senate. It was a measure of absolute necessity, if we desired that our own gold coins should ever circulate in this country. Before its passage a half eagle, as an article of merchandise, was intrinsically worth about five dollars and thirty-three cents in silver, while its standard value, as currency under our laws, was only five dollars. It is manifest, therefore, that eagles and half eagles never could have entered into general circulation had it not been for the passage of this act, which is now condemned. It was a mere adjustment of the relative value of gold to silver, according to the standard of other nations.

I have been utterly at a loss to conceive the cause of the hostility of Senators to this necessary measure, unless it be from a feeling similar to that which, it is said, made a distinguished gentleman desire to kill every sheep which came in his way. He could feel no personal hostility to these innocent and harmless animals; but was such a violent anti-tariff man that the sight of them always reminded him of our woolen manufacturers. Certainly no gentleman can entertain any objection to the eagle and half eagle themselves; but they may remind Senators of the efficient and untiring exertions of the Senator from Missouri [Mr. Benton] to introduce a gold currency into circulation. As gold, they may like these coins; but, as Bentonian mint drops, they are detestable.

Without the agency of any of these secondary causes the present distress must have come. It was inevitable as fate. No law of nature is more fixed than that our overbanking and our

overtrading must have produced the disastrous results under which we are now suffering.

In this crisis all that the general Government can effect is, in the first place, to withhold its deposits from the banks, and thus refrain from contributing their funds to swell the torrent of wild speculation; and, in the second place, to restrain the extravagance of their credits and issues, in some small degree, by collecting and disbursing our revenue exclusively in specie, or in the notes of banks which will pay the balances due from them in specie, at short intervals. To accomplish these two purposes, as well as to render the public revenue more secure, are the objects of the bill and amendment now before the Senate.

The evils of a redundant paper circulation are now manifest to every eye. It alternately raises and sinks the value of every man's property. It makes a beggar of the man to-morrow who is indulging in dreams of wealth to-day. It converts the business of society into a mere lottery; while those who distribute the prizes are wholly irresponsible to the people. When the collapse comes, as come it must, it casts laborers out of employment, crushes manufacturers and merchants, and ruins thousands of honest and industrious citizens. Shall we, then, by our policy, any longer contribute to such fatal results? That is the question.

The system of extravagant banking benefits no person except the shrewd speculator, who knows how to take advantage of the perpetual fluctuation in prices which a redundant paper currency never fails to produce. He sees, in the general causes which operate upon the commercial world, when money is about to be scarce, and when it will become plenty. He studies the run as a gambler does that of the cards. He knows when to buy and when to sell, and thus often realizes a large estate in a few happy ventures. Those who have been initiated into the mysteries of the paper money market can thus accumulate rapid fortunes at the expense of their less skillful neighbors.

The question before the Senate is not whether we shall divorce the Government from the banks. The banks themselves have done that already. The alliance is already dissolved. The question now is, shall we, with all the experience of the past, restore this ill-fated union? No propitious divinities would grace the new nuptials; but the fatal sisters would be there ready again to cut the cord at the first approach of difficulty and danger.

Senator Wright.—Is it not most desirable to free the legislation of Congress from bank influence altogether? Will it

not tend more than any other single act we could perform to take from our debates and deliberations that bitterness and acrimony which have too strongly characterized them for the last few years, but which, I am proud to say, have entered, in a much less degree, into the present debate in the Senate than into any similar debate for many years? For myself I feel that this consideration alone demands the passage of this bill; that it is entirely paramount to any objections I have yet heard urged against it; that it is as much superior to considerations of financial convenience and pecuniary profit, as are the purity and permanency of our political institutions to temporary advantages of a bargain or facilities of borrowing money.

Can it be desirable to preserve a connection which is the subject of incessant complaint on the part of the banks and their friends, and of constant embarrassment to the operations of the public treasury, and of imputation upon the most faithful and worthy public officers? I consider this connection of the fiscal affairs of the Government with the credit and business of the banks, and of business and commercial men, and the constant imputations brought upon the Government thereby, as promoting a political morality in the public mind most dangerous to our institutions; as doing more to weaken the confidence of the people in the Government of their choice than any and all other causes of distrust combined. If we would listen to the slander and misrepresentations of the times, we must believe that all our misfortunes, public and private, are imputable to our Government—all our prosperity to a resistance to its measures and its policy. And whence do these imputations come but from our connection with the banks? They all emanate from that source, and from no other. That connection is now dissolved by the operation of law and the voluntary action of the banks themselves; and I would say, let it be perpetual—let it never be renewed.

The Wright bill was introduced at the next session (the regular one beginning December 4, 1837) and passed by the Senate and voted down by the House.

In the debate in the Senate an exchange of personalities occurred between Henry Clay and John C. Calhoun, which is of special interest owing to the fact that they had for a number of years been close allies in opposition to President Jackson.

Senator Thomas H. Benton [Mo.] gives an account

of this forensic duel in his "Thirty Years' View" (Vol. II, page 97), to which the reader is referred.

The Wright bill to establish an independent treasury was again introduced in the session of 1838-39, and met its former fate. A new Congress assembled in 1839-40, in which a few sub-treasury Whigs held the balance of power, and the Wright bill passed both Houses, and became a law, by the approval of the President, on July 4, 1840—a date evidently chosen in order to help along the prophecy of Senator Walker that the enactment of the bill would be hailed as the "third Declaration of Independence" (the confirmation by the people of the Revolution of 1798 in electing Thomas Jefferson to the presidency in 1800 being considered the second). None of the evil results foretold by the Whigs came to pass; everything working smoothly under the new system.

However, in the session of 1841-42, the Whigs came into control of both the legislative and executive branches of the Government, and, being committed to the policy of a national bank, they repealed the sub-treasury act as the first step toward the bank's resurrection. For five years the Government's finances were conducted virtually at the discretion of the Secretary of the Treasury. The election in 1844 of James K. Polk to the presidency and of a Congress Democratic in both branches afforded an opportunity to reënact the sub-treasury bill, which became law on August 6, 1846, and has remained in force down to the present time. The ghost of the "murdered" national bank was effectually laid, never again rising to disturb the national councils.

CHAPTER VIII

The Whig Fight to Reëstablish a National Bank

Election of William Henry Harrison and John Tyler—Harrison's Inaugural Address—Death of Harrison—The Whigs in Congress Pass a National Bank Bill—It Is Vetoed by President Tyler—Debate in the Senate on the Veto: in Favor, William C. Rives [Va.]; Opposed, Henry Clay [Ky.]; Veto Is Sustained—Whig Mob "Shivarees" the President While Democratic Congressmen Are Congratulating Him—Humorous Remarks by Senator Clay on the Incident—Rejoinder by Senator James Buchanan [Pa.]—Second Attempt to Pass a Bank Bill—It Is Vetoed by the President and Lampooned by Senator Thomas H. Benton [Mo.]—Resignations of the Cabinet, Daniel Webster Excepted—Repudiation of the President by His Party—Representative Caleb Cushing [Mass.] in His Defence—Denunciation of Cushing by Representative Garrett Davis [Ky.].

IN 1840 William Henry Harrison [O.], the previous Whig candidate, and John Tyler [Va.], a former Democrat, were nominated by the Whigs as their candidates for President and Vice-President respectively against President Van Buren and Vice-President Johnson, who stood for reëlection. Harrison and Tyler were overwhelmingly elected by 234 votes out of 294.

In his inaugural address the President adverted to the sub-treasury policy of his predecessor, as follows:

The President's Power Over the Purse

Inaugural Address of William Henry Harrison

By making the President the sole distributor of all the patronage of the Government the framers of the Constitution do not appear to have anticipated at how short a period it would become a formidable instrument to control the free operations of the State governments. Of trifling importance at first, it had, early in Mr. Jefferson's Administration, become so power-

ful as to create great alarm in the mind of that patriot, from the potent influence it might exert in controlling the freedom of the elective franchise. If such could have been the effects of its influence, how much greater must be the danger at this time, quadrupled in amount, as it certainly is, and more completely under the control of the Executive will than their construction of their powers allowed, or the forbearing characters of all the early Presidents permitted them to make? But it is not by the extent of its patronage alone that the Executive Department has become dangerous, but by the use which it appears may be made of the appointing power to bring under its control the whole revenue of the country. The Constitution has declared it to be the duty of the President to see that the laws are executed, and it makes him the Commander-in-Chief of the armies and navy of the United States. If the opinion of the most approved writers upon that species of mixed government, which, in modern Europe, is termed *monarchy*, in contradistinction to *despotism*, is correct, there was wanting no other addition to the powers of our Chief Magistrate to stamp a monarchical character on our Government but the control of the public finances. And to me it appears strange, indeed, that anyone should doubt that the entire control which the President possesses over the officers who have the custody of the public money, by the power of removal with or without cause, does, for all mischievous purposes at least, virtually subject the treasure also to his disposal. The first Roman Emperor, in his attempt to seize the sacred treasure, silenced the opposition of the officer to whose charge it had been committed by a significant allusion to his sword. By a selection of political instruments for the care of the public money, a reference to their commissions by a President would be quite as effectual an argument as that of Cæsar to the Roman knight. I am not insensible of the great difficulty that exists in devising a proper plan for the safe-keeping and disbursement of the public revenues, and I know the importance which has been attached by men of great abilities and patriotism to the divorce, as it is called, of the treasury from the banking institutions. It is not the divorce which is complained of, but the unhallowed union of the treasury with the Executive Department which has created such extensive alarm. To this danger to our republican institutions, and that created by the influence given to the Executive through the instrumentality of the Federal officers, I propose to apply all the remedies which may be at my command. It was certainly a great error in the framers of the Constitution not to have made the officer at the head of the Treasury Depart-

ment entirely independent of the Executive. He should at least have been removable only upon the demand of the popular branch of the legislature. I have determined never to remove a Secretary of the Treasury without communicating all the circumstances attending such removal to both Houses of Congress.

At the instigation of Senator Henry Clay President Harrison convened Congress in extra session to revise the treasury system, but died before the date set, which was May 31, 1841.[1]

President Tyler entered into office with a majority of his party in both Houses of Congress, and therefore with the prospect of conducting a harmonious and successful Administration. In the short space of three months he was at odds with the leading members of the party, who accused him of violating its principles, coining from his name a new synonym for the word "apostatize"—namely, "Tylerize." Being unyielding in character Tyler destroyed all hope of rendering his term of office notable for anything other than discord and failure.

The chief message for the passage of which Senator Clay had instigated the special session of Congress was the establishment of a national bank. Because both Harrison and Tyler had opposed such a bank when they were members of the Democratic party, this issue had been kept in the background during the presidential campaign—as, indeed, had been almost every important issue, the campaign being conducted along personal lines by opposing the rough democratic character of the Western Indian fighter, General Harrison ("Tippecanoe," as he was called from his famous victory), to the suave and supposedly aristocratic temperament of the "Fox of Kinderhook," as Van Buren was termed, and by visibly impressing this contrast upon the voters in the form of replicas of the log cabin in which Harrison had lived, and the free distribution of "hard cider," his favorite beverage—it being represented that his opponent lived in a lordly mansion and drank only foreign wines.

Senator Clay called upon Thomas Ewing, Sr., Secre-

[1] The date of President Harrison's death was April 4, 1841, just one month after his inauguration.

tary of the Treasury, for a plan of a national bank. The Secretary drafted the bill with a special view to removing every constitutional objection to the bank, and so to enable the President to sign the act without laying himself open to the charge of inconsistency, but in the course of the bill through committee it acquired features which caused the President, when it had been passed (by a vote of 26 to 23 in the Senate and 128 to 98 in the House), to veto the bill, giving his reasons for the action, and saying:

Entertaining the opinions alluded to, and having taken this oath, the Senate and the country will see that I could not give my sanction to a measure of the character described without surrendering all claim to the respect of honorable men—all confidence on the part of the people—all self-respect—all regard for moral and religious obligations; without an observance of which no government can be prosperous and no people can be happy. It would be to commit a *crime* which I would not wilfully commit to gain any earthly reward, and which would *justly* subject me to the ridicule and scorn of all virtuous men.

Senator Clay attacked the President for his action, and William C. Rives [Va.] defended him.

The Veto of the National Bank

Senate, August, 1841

Senator Clay.—On the 4th of April last, the lamented Harrison, the President of the United States, paid the debt of nature. President Tyler, who, as Vice-President, succeeded to the duties of that office, arrived in the city of Washington on the 6th of that month. He found the whole metropolis wrapped in gloom, every heart filled with sorrow and sadness, every eye streaming with tears, and the surrounding hills yet flinging back the echo of the bells which were tolled on that melancholy occasion. On entering the presidential mansion he contemplated the pale body of his predecessor stretched before him, and clothed in the black habiliments of death. At that solemn moment I have no doubt that the heart of President Tyler was overflowing with mingled emotions of grief, of patriotism and

Whig Caricature of Van Buren, Tyler, Jackson, Webster, Clay, Calhoun, et al. BURIAL OF THE "FOX OF KINDERHOOK"
From the collection of the New York Historical Society

gratitude—above all, of gratitude to that country by a majority of whose suffrages, bestowed at the preceding November, he then stood the most distinguished, the most elevated, the most honored of all living Whigs of the United States.

It was under these circumstances and in this probable state of mind that President Tyler, on the 10th day of the same month of April, voluntarily promulgated an address to the people of the United States. That address was in the nature of a coronation oath, which the chief of the state in other countries and under other forms takes upon ascending the throne. It referred to the solemn obligations and the profound sense of duty under which the new President entered upon the high trust which had devolved upon him by the joint acts of the people and of Providence, and it stated the principles and delineated the policy by which he would be governed in his exalted station. It was emphatically a Whig address from beginning to end—every inch of it was Whig, and was patriotic.

In that address the President, in respect to the subject-matter embraced in the present bill, held the following conclusive and emphatic language: "I shall promptly give my sanction to any constitutional measure which, originating in Congress, shall have for its object the restoration of a sound circulating medium, so essentially necessary to give confidence in all the transactions of life, to secure to industry its just and adequate rewards, and to reëstablish the public prosperity. In deciding upon the adaptation of any such measure to the end proposed, as well as its conformity to the Constitution, I shall resort to the fathers of the great republican school for advice and instruction, to be drawn from their sage views of our system of government, and the light of their ever-glorious example."

To this clause in the address of the President I believe but one interpretation was given throughout this whole country, by friend and foe, by Whig and Democrat, and by the presses of both parties. It was by every man with whom I conversed on the subject at the time of its appearance, or of whom I have since inquired, construed to mean that the President intended to occupy the Madison ground, and to regard the question of the power to establish a national bank as immovably settled. And I think I may confidently appeal to the Senate and to the country to sustain the fact that this was the contemporaneous and unanimous judgment of the public.

Entertaining this opinion of the address, I came to Washington at the commencement of the session with the most confi-

dent and buoyant hopes that the Whigs would be able to carry all their prominent measures, and especially a Bank of the United States, by far that one of the greatest immediate importance. I anticipated nothing but cordial coöperation between the two departments of government; and I reflected with pleasure that I should find at the head of the Executive branch a personal and political friend, whom I had long and intimately known and highly esteemed.

Upon the opening of the session, but especially on the receipt of the plan of a national bank, as proposed by the Secretary of the Treasury, fears were excited that the President had been misunderstood in his address, and that he had not waived but adhered to his constitutional scruples. Under these circumstances it was hoped that, by the indulgence of a mutual spirit of compromise and concession, a bank, competent to fulfill the expectations and satisfy the wants of the people, might be established.

In this hope the friends of the bank have been deceived, as the message before you indicates. I must think, and hope I may be allowed to say, with profound deference to the Chief Magistrate, that it appears to me he has viewed with too lively sensibility the personal consequences to himself of his approval of the bill; and that, surrendering himself to a vivid imagination, he has depicted them in much too glowing and exaggerated colors, and that it would have been most happy if he had looked more to the deplorable consequences of a veto upon the hopes, the interests, and the happiness of his country. Does it follow that a magistrate who yields his private judgment to the concurring authority of numerous decisions, repeatedly and deliberately pronounced, after the lapse of long intervals, by all the departments of government, and by all parties, incurs the dreadful penalties described by the President? Can any man be disgraced and dishonored who yields his private opinion to the judgment of the nation? In this case the country (I mean a majority), Congress, and, according to common fame, a unanimous Cabinet were all united in favor of the bill. Should any man feel himself humbled and degraded in yielding to the conjoint force of such high authority? Does any man, who at one period of his life shall have expressed a particular opinion, and at a subsequent period shall act upon the opposite opinion, expose himself to the terrible consequences which have been portrayed by the President? How is it with the judge, in the case by no means rare, who bows to the authority of repeated precedents, settling a particular question, while in his private judg-

ment the law is otherwise? How is it with that numerous class of public men in this country, and with the two great parties that have divided it, who, at different periods, have maintained and acted on opposite opinions in respect to this very bank question?

How is it with James Madison, the father of the Constitution—that great man whose services to his country placed him only second to Washington—whose virtues and purity in private life—whose patriotism, intelligence, and wisdom in public councils stand unsurpassed? He was a member of the national convention that formed, and of the Virginia convention that adopted, the Constitution. No man understood it better than he did. He was opposed in 1791 to the establishment of the Bank of the United States upon constitutional ground; and in 1816 he approved and signed the charter of the late Bank of the United States. It is a part of the secret history connected with the first bank that James Madison had, at the instance of General Washington, prepared a veto for him in the contingency of his rejection of the bill. Thus stood James Madison when, in 1815, he applied the veto to a bill to charter a bank upon considerations of expediency, but with a clear and express admission of the existence of a constitutional power in Congress to charter one. In 1816, the bill which was then presented to him being free from the objections applicable to that of the previous year, he sanctioned and signed it. Did James Madison surrender "all claim to the respect of honorable men—all confidence on the part of the people—all self-respect—all regard for moral and religious obligations"? Did the pure, the virtuous, the gifted James Madison, by his sanction and signature to the charter of the late Bank of the United States, commit a crime which justly subjected him "to the ridicule and scorn of all virtuous men"?

Senator Rives.—What was the real issue before the Senate? Was it not the naked question between the bill and the objections to it, as compared with each other? I really had hoped that the honorable Senator, after announcing to us the issue in this very proper manner, would have confined his observations to it alone; and if he had done so I should not have troubled the Senate with a single word. But what has been the course of the honorable Senator? I do not reproach him with it. He, no doubt, felt it necessary, in order to vindicate his own position before the country, to inculpate the course taken by the President; and accordingly about two-thirds of his speech, howsoever qualified by expressions of personal kindness and respect,

were taken up in a solemn arraignment of the President of the United States. Most of the allegations put forth by the Senator seem to arrange themselves under the general charge of perfidy —of faithlessness to his party and to the people.

Senator Rives went on to defend the President at all points, declaring the question of a bank was not an issue in the election—repelling the imputation of perfidy and arguing that General Harrison himself would have disapproved the same bill if he had lived and it had been presented to him.

Senator Clay rejoined to Senator Rives, and became more close and pointed in his personal remarks upon Mr. Tyler's conduct, commencing with Mr. Rives' lodgment in the "halfway house," *i. e.*, the pet bank system—which was supposed to have been a camping station in the transition from the Democratic to the Whig camp. He began thus:

I have no desire to prolong this unpleasant discussion, but I must say that I heard with great surprise and regret the closing remark, especially, of the honorable gentleman from Virginia, as, indeed, I did many of those which preceded it. That gentleman stands in a peculiar situation. I found him several years ago in the halfway house, where he seems afraid to remain, and from which he is yet unwilling to go. I had thought, after the thorough riddling which the roof of the house had received in the breaking up of the pet bank system, he would have fled somewhere else for refuge; but there he still stands, solitary and alone, shivering and pelted by the pitiless storm. The sub-treasury is repealed—the pet bank system is abandoned—the United States Bank bill is vetoed—and now, when there is as complete and perfect a reunion of the purse and the sword in the hands of the Executive as ever there was under General Jackson or Mr. Van Buren, the Senator is for doing nothing.

There was a rumor of a design to make a third party, of which the President was to be the head; and, as a part of the scheme, to foment a quarrel between him and Senator Clay, in which Clay was to be made the aggressor. Senator Clay brought this rumor to the notice of

Senator Rives, repelling the part which inculpated himself, and leaving the rest for Senator Rives to answer.

Senator Clay.—Why, sir, what possible, what conceivable motive can I have to quarrel with the President, or to break up the Whig party? What earthly motive can impel me to wish for any other result than that that party shall remain in perfect harmony, undivided, and shall move undismayed, boldly, and unitedly forward to the accomplishment of the all-important public objects which it has avowed to be its aim? What imaginable interest or feeling can I have other than the success, the triumph, the glory of the Whig party? But that there may be designs and purposes on the part of certain other individuals to place me in inimical relations with the President, and to represent me as personally opposed to him, I can well imagine—individuals who are beating up for recruits, and endeavoring to form a third party, with materials so scanty as to be wholly insufficient to compose a decent corporal's guard. I fear there are such individuals, though I do not charge the Senator as being himself one of them. What a spectacle has been presented to this nation during this entire session of Congress! That of the cherished and confidential friends of John Tyler, persons who boast and claim to be, *par excellence*, his exclusive and genuine friends, being the bitter, systematic, determined, uncompromising opponents of every leading measure of John Tyler's administration! Was there ever before such an example presented in this or any other age, in this or any other country? I have myself known the President too long, and cherished toward him too sincere a friendship, to allow my feelings to be affected or alienated by anything which has passed here to-day. If the President chooses—which I am sure he cannot, unless falsehood has been whispered into his ears or poison poured into his heart—to detach himself from me, I shall deeply regret it, for the sake of our common friendship and our common country. I now repeat, what I before said, that, of all the measures of relief which the American people have called upon us for, that of a national bank and a sound and uniform currency has been the most loudly and importunately demanded.

The Senator says that, if placed in like circumstances, I would have been the last man to avoid putting a direct veto upon the bill, had it met my disapprobation; and he does me the honor to attribute to me high qualities of stern and unbending intrepidity. I hope that in all that relates to personal firmness—all that concerns a just appreciation of the insignificance

of human life—whatever may be attempted to threaten or alarm a soul not easily swayed by opposition, or awed or intimidated by menace—a stout heart and a steady eye that can survey, unmoved and undaunted, any mere personal perils that assail this poor transient, perishing frame—I may, without disparagement, compare with other men. But there is a sort of courage which, I frankly confess it, I do not possess—a boldness to which I dare not aspire—a valor which I cannot covet. I cannot lay myself down in the way of the welfare and happiness of my country. That I cannot, I have not the courage to do. I cannot interpose the power with which I may be invested—a power conferred not for my personal benefit, not for my aggrandizement, but for my country's good—to check her onward march to greatness and glory. I have not courage enough, I am too cowardly for that. I would not, I dare not, in the exercise of such a trust, lie down and place my body across the path that leads my country to prosperity and happiness. This is a sort of courage widely different from that which a man may display in his private conduct and personal relations. Personal or private courage is totally distinct from that higher and nobler courage which prompts the patriot to offer himself a voluntary sacrifice to his country's good. Apprehensions of the imputation of the want of firmness sometimes impel us to perform rash and inconsiderate acts. It is the greatest courage to be able to bear the imputation of the want of courage. But pride, vanity, egotism, so unamiable and offensive in private life, are vices which partake of the character of crimes in the conduct of public affairs. The unfortunate victim of these passions cannot see beyond the little, petty, contemptible circle of his own personal interests. All his thoughts are withdrawn from his country, and concentrated on his consistency, his firmness, himself. The high, the exalted, the sublime emotions of a patriotism which, soaring toward Heaven, rises far above all mean, low, or selfish things, and is absorbed by one soul-transporting thought of the good and the glory of one's country, are never felt in his impenetrable bosom. That patriotism which, catching its inspiration from the immortal God, and leaving, at an immeasurable distance below, all lesser, groveling, personal interests and feelings, animates and prompts to deeds of self-sacrifice, of valor, of devotion, and of death itself—that is public virtue—that is the noblest, the sublimest of all public virtues!

Senator Rives.—The Senator from Kentucky says he found me several years ago in this halfway house, which, after the thorough riddling the roof had received in the breaking up of

the pet bank system, he had supposed I would have abandoned. How could I find it in my heart, Mr. President, to abandon it when I found the honorable Senator from Kentucky (even after what he calls the riddling of the roof) so anxious to take refuge in it from the ruins of his own condemned and repudiated system, and where he actually took refuge for four long years, as I have already stated. When I first had the honor to meet the honorable Senator in this body, I found him not occupying the humble but comfortable halfway house which has given him shelter from the storm for the last four years, but a more lordly mansion, gaudy to look upon, but altogether unsafe to inhabit; old, decayed, rat-eaten, which has since tumbled to the ground with its own rottenness, devoted to destruction alike by the indignation of man and the wrath of heaven. Yet the honorable Senator, unmindful of the past, and heedless of the warnings of the present, which are still ringing in his ears, will hear of nothing but the instant reconstruction of this devoted edifice.

I owe it to myself, Mr. President, before I close, to say one or two words in regard to this gorgon of a cabal, which the Senators tells us, upon the authority of dame rumor, has been formed to break up the Cabinet, to dissolve the Whig party, and to form a new or third party. Although the Senator was pleased to acquit me of being a member of this supposed cabal, he yet seemed to have some lurking jealousies and suspicions in his mind on the subject. I will tell the honorable Senator, then, that I know of no such cabal, and I should really think that I was the last man that ought to be suspected of any wish or design to form a new or third party. I have shown myself at all times restive under mere party influence and control from any quarter. All party, in my humble judgment, tends, in its modern degeneracy, to tyranny, and is attended with serious hazard of sacrificing an honest sense of duty, and the great interests of the country, to an arbitrary lead, directed by other aims. I desire, therefore, to take upon myself no new party bonds, while I am anxious to fulfill, to the fullest extent that a sense of duty to the country will permit, every honorable engagement implied in existing ones. The Senator from Kentucky may rest satisfied that he will never see me in any Cabinet, under this or any other Administration. During the brief remnant of my public life, the measure of my ambition will be filled by the humble but honest part I may be permitted to take on this floor in consultations for the common good.

Having disposed of this rumor of a cabal, to the satisfaction, I trust, of the honorable Senator, I will tell him of another rumor I have heard, which, I trust, may be equally destitute of foundation. Rumor is busy in alleging that there is an organized dictatorship, in permanent session in this capitol, seeking to control the whole action of the Government, in both the legislative and executive branches, and sending deputation after deputation to the President of the United States to teach him his duty, and bring him to terms. I do not vouch for the correctness of this rumor. I humbly hope it may not be true; but, if it should unfortunately be so, I will say that it is fraught with far more danger to the regular and salutary action of our balanced Constitution, and to the liberties of the people than any secret cabal that ever has existed or ever will exist.

The Whig leaders attempted to pass the bill over the President's veto, but signally failed, the vote in the Senate, instead of yielding the requisite two-thirds majority, being a tie—24 to 24. That night a crowd of Whig partisans assembled before the executive mansion and hooted the President[1] while he was receiving congratulations from a number of Democratic Senators and Representatives. Levi Woodbury [N. H.] proposed in the Senate an inquiry into the disturbance, which was abandoned upon the discovery of the low and irresponsible character of the participants.

Senator Clay took occasion of this motion to animadvert on the assembly within the executive mansion on the night of the disturbance. Professing artfully that he had not been conclusively informed of the demonstration by the populace, he said:

I did hear that about eight or nine o'clock on that same night of the famous 16th of August there was an irruption on the President's house of the whole loco foco party[2] in Congress; and I did not know but that the alleged disorders might have grown out of or had some connection with that fact. I un-

[1] A serenade of this character was called at the time a "shivaree," a corruption of the French word "charivari."

[2] A Whig term for the Democrats, especially the extreme State Rights wing, derived from an incident (1835) in Tammany (New York) politics, where an attempt to break up a political meeting by blowing out the candles was frustrated by a number relighting them with friction matches —then a novelty and known as "loco-focos." The Whigs attempted to fasten this name upon their opponents by refusing to recognize them as "Democrats."

derstand that the whole party were there. No spectacle, I am sure, could have been more supremely amusing and ridiculous. If I could have been in a position in which, without being seen, I could have witnessed that most extraordinary reunion, I should have had an enjoyment which no dramatic performance could possibly communicate. I think that I can now see the principal *dramatis personæ* who figured in the scene. There stood the grave and distinguished Senator from South Carolina——

[Senator Calhoun here instantly rose, and earnestly insisted on explaining; but Senator Clay refused to be interrupted or to yield the floor.]

Senator Clay.—There, I say, I can imagine stood the Senator from South Carolina—tall, careworn, with furrowed brow, haggard, and intensely gazing, looking as if he were dissecting the last and newest abstraction which sprung from metaphysician's brain, and muttering to himself, in half-uttered sounds, "This is indeed a real crisis!" Then there was the Senator from Alabama [Mr. King], standing upright and gracefully, as if he were ready to settle in the most authoritative manner any question of order, or of etiquette, that might possibly arise between the high assembled parties on that new and unprecedented occasion. Not far off stood the honorable Senators from Arkansas and from Missouri [Mr. Sevier and Mr. Benton], the latter looking at the Senator from South Carolina, with an indignant curl on his lip and scorn in his eye, and pointing his finger with contempt toward that Senator [Mr. Calhoun], while he said, or rather seemed to say, "He call himself a statesman! why, he has never even produced a decent humbug!"

Senator Benton [interrupting].—The Senator from Missouri was not there.

Senator Clay.—I stand corrected; I was only imagining what you would have said if you had been there. Then there stood the Senator from Georgia [Mr. Cuthbert], conning over in his mind on what point he should make his next attack upon the Senator from Kentucky. On yonder ottoman reclined the other Senator from Missouri on my left [Mr. Linn], indulging, with smiles on his face, in pleasing meditations on the rise, growth, and future power of his new colony of Oregon. The honorable Senator from Pennsylvania [Mr. Buchanan], I presume, stood forward as spokesman for his whole party; and, although I cannot pretend to imitate his well-known eloquence, I beg leave to

make an humble essay toward what I presume to have been the kind of speech delivered by him on that august occasion:

"May it please your Excellency: A number of your present political friends, late your political opponents, in company with myself, have come to deposit at your Excellency's feet the evidences of our loyalty and devotion; and they have done me the honor to make me the organ of their sentiments and feelings. We are here more particularly to present to your Excellency our grateful and most cordial congratulations on your rescue of the country from a flagrant and alarming violation of the Constitution, by the creation of a Bank of the United States; and also our profound acknowledgments for the veto, by which you have illustrated the wisdom of your administration and so greatly honored yourself. And we would dwell particularly on the unanswerable reasons and cogent arguments with which the notification of the act to the legislature had been accompanied. We had been, ourselves, struggling for days and weeks to arrest the passage of the bill, and to prevent the creation of the monster to which it gives birth. We had expended all our logic, exerted all our ability, employed all our eloquence; but in spite of all our utmost efforts, the friends of your Excellency in the Senate and House of Representatives proved too strong for us. And we have now come most heartily to thank your Excellency that you have accomplished for us that against your friends, which we, with our most strenuous exertions, were unable to achieve."

I hope the honorable Senators on the other side of the chamber will pardon me for having conceived it possible that, amid the popping of champagne, the intoxication of their joy, the ecstasy of their glorification, they might have been the parties who created a disturbance, of which they never could have been guilty had they waited for their "*sober second thoughts.*" I have no doubt the very learned ex-Secretary of the Treasury, who conducted that department with such distinguished ability, and such happy results to the country, and who now has such a profound abhorrence of all the taxes on tea and coffee, though, in his own official reports, he so distinctly recommended them, would, if appointed chairman of the committee, have conducted the investigation with that industry which so eminently distinguishes him; and would have favored the Senate with a report, marked with all his accustomed precision and ability, and with the most perfectly lucid clearness.

Senator Buchanan.—The honorable Senator has, with great power of humor, and much felicity of description, drawn for

us a picture of the scene which he supposes to have been presented at the President's house on the ever-memorable evening of the veto. It was a happy effort; but, unfortunately, it was but a fancy sketch—at least so far as I am concerned. I was not there at all upon the occasion. But, I ask, what scenes were enacted on that eventful night at this end of the avenue? The Senator would have no cause to complain if I should attempt, in humble imitation of him, to present a picture, true to the life, of the proceedings of himself and his friends. Amid the dark and lowering clouds of that never-to-be-forgotten night a caucus assembled in one of the apartments of this gloomy building, and sat in melancholy conclave, deploring the unhappy fate of the Whig party. Some rose and advocated vengeance; "their voice was still for war." Others, more moderate, sought to repress the ardent zeal of their fiery compatriots, and advised to peace and prudence. It was finally concluded that, instead of making open war upon Captain Tyler, they should resort to stratagem, and, in the elegant language of one of their number, that they should endeavor "to head" him. The question was earnestly debated by what means they could best accomplish this purpose; and it was resolved to try the effect of the "Fiscality" now before us. Unfortunately for the success of the scheme, "Captain Tyler" was forewarned and forearmed by means of a private and confidential letter addressed by mistake to a Virginia coffee house. It is by means like this that "enterprises of great pith and moment" often fail. But so desperately intent are the Whig party still on the creation of a bank that one of my friends on this side of the House told me that a bank they would have, though its exchanges should be made in bacon hams, and its currency be small potatoes.

Other Senators took the imaginary scene, in which they had been made to act parts, in thoroughly good temper; and thus the debate on the first proposal of a charter to establish a Fiscal Bank was brought to a conclusion with more amicability than that with which it had been conducted.

A second attempt was made by the Whigs in the same year [1841] to establish a national bank, this time disguised as "The Fiscal Corporation of the United States"—a pretentious title which was much ridiculed by the Democrats. Thus Senator Thomas H. Benton [Mo.] exclaimed:

The Cat in the Meal Tub

Senator Benton

Heavens what a name! long as the moral law—half subtreasury and half national bank—and all fraudulent and deceptive, to conceal what it is; and entirely too long. The name is too long. People will never stand it. They cannot go through all that. We must have something shorter—something that will do for every-day use. Corporosity! that would be a great abridgment; but it is still too long. It is five syllables, and people will not go above two syllables, or three at most, and often hang at one, in names which have to be incontinently repeated. They are all economical at that, let them be as extravagant as they may be in spending their money. They will not spend their breath upon long names which have to be repeated every day. They must have something short and pointed; and, if you don't give it to them, they will make it for themselves. The defunct Fiscal Bank was rapidly taking the title of fiscality; and by alliteration, rascality; and, if it had lived, would soon have been compendiously and emphatically designated by some brief and significant title. The Fiscal Corporation cannot expect to have better luck. It must undergo the fate of all great men and of all great measures, overburdened with titles—it must submit to a short name. There is much virtue in a name; and the poets tell us there are many on whose conception Phœbus never smiled, and at whose birth no muse nor grace was present. In that predicament would seem to be this intrusive corporosity, which we have received from the other House, and sent to our young committee, and which has mutation of title without alteration of substance, and without accession of euphony or addition of sense. Some say a name is nothing—that a rose by any other name would smell as sweet. So it will; and a thorn by any other name would stick as deep. And so of these fiscals, whether to be called banks or corporations. They will still be the same thing—a thorn in our side—but a short name they must have. This corporosity must retrench its extravagance of title.

Senator Benton here told the story of a steamboat to which the owner, in honor of his sweetheart, a Louisiana girl of French parentage, had given the captivating designation of "La Belle Creole"—a name which was

successively shortened to "Creole" (pronounced cree-owl) and to "Owl." This story was greeted with roars of laughter, one Senator exclaiming that it was a good name for a bank; that there had been an Owl-Creek Bank in Ohio once, now dead and insolvent, though in its day as good as the best.

Mr. B. continued. I do not know whether owl will do for this child of long name and many fathers; but we must have a name, and must continue trying till we get one. Let us hunt far and wide. Let us have recourse to the most renowned Æsop and his fables, and to that one of his fables which teaches us how an old black cat succeeded in getting at the rats again after having eaten up too many of them, and become too well known, under her proper form, to catch any more. She rolled herself over in a meal tub—converted her black skin into white—and walked forth among the rats as a new and innocent animal that they had never seen before. All were charmed to see her! but a quick application of teeth and claws to the throats and bellies of the rats let them see that it was their old acquaintance, the black cat; and that whitening the skin did not alter the instincts of the animal nor blunt the points of its teeth and claws. The rats, after that, called her the meal-tub cat and the mealy cat. May we not call this corporosity the meal-tub bank? A cattish name would certainly suit it in one particular; for, like a cat, it has many lives, and a cat, you know, must be killed nine times before it will die; so say the traditions of the nursery; and of all histories the traditions of children are the most veracious. They teach us that cats have nine lines. So of this bank. It has been killed several times, but here it is still, scratching, biting, and clawing. Jackson killed it in 1832; Tyler killed it last week. But this is only a beginning. Seven times more the *Fates* must cut the thread of its hydra life before it will yield up the ghost.

The meal tub! No insignificant or vulgar name. It lives in history, and connects its fame with kings and statesmen. We all know the Stuarts of England—an honest and bigoted race in the beginning, but always unfortunate in the end. The second Charles was beset by plots and cabals. There were many attempts or supposed attempts to kill him; many plots against him, and some very ridiculous; among the rest one which goes by the name of the meal-tub plot; because the papers which discovered it were found in the meal tub where the conspirators or their enemies had hid them.

When a small boy I went to school in a Scotch-Irish neighborhood and learned many words and phrases which I have not met with since, but which were words of great pith and power; among the rest shake-poke. Poke signifies bag, and is a phrase much used among the Scotch-Irish in America. A pig is carried to market in a poke, and, if you buy it without taking it out first, you may be "taken in." So corn is carried to a mill in a poke, and when brought home, ground into meal, the meal remains in the poke, in the houses of poor families, until it is used up. When the bag is nearly empty it is turned upside down and shaken; and the meal that comes out is called the shake-poke, that is to say, the last shake of the bag. By an easy and natural metaphor this term is also applied to the last child that is born in a family; especially if it is puny or a rickety concern. The last child, like the last meal, is called a shake-poke; and may we not call this *fiscalous corporation* a shake-poke also, and for the same reason? It is the last—the last at all events for the session! it is the last meal in their bag—their shake-poke! and it is certainly a rickety concern.

I do not pretend to impose a name upon this bantling; that is a privilege of paternity or of sponsorship, and I stand in neither relation to this babe. But a name of brevity—of brevity and significance—it must have; and, if the fathers and sponsors do not bestow it, the people will; for a long name is abhorred and eschewed in all countries. Remember the fate of John Barebone, the canting hypocrite in Cromwell's time. He had a very good name, John Barebone; but the knave composed a long verse, like Scripture, to sanctify himself with it, and intituled himself thus:—"Praise God, Barebone, for, if Christ had not died for you, you would be damned, Barebone." Now, this was very sanctimonious; but it was too long—too much of a good thing—and so the people cut it all off but the last two words, and called the fellow "damned Barebone," and nothing else but damned Barebone, all his life after. So let this corporosity beware: it may get itself damned before it is done with us, and Tyler, too.[1]

This bill, like the former, was passed by Congress, vetoed by the President, and failed to pass over the veto.

On account of his action on the bank bill, the members of the Cabinet, whom the President had inherited from

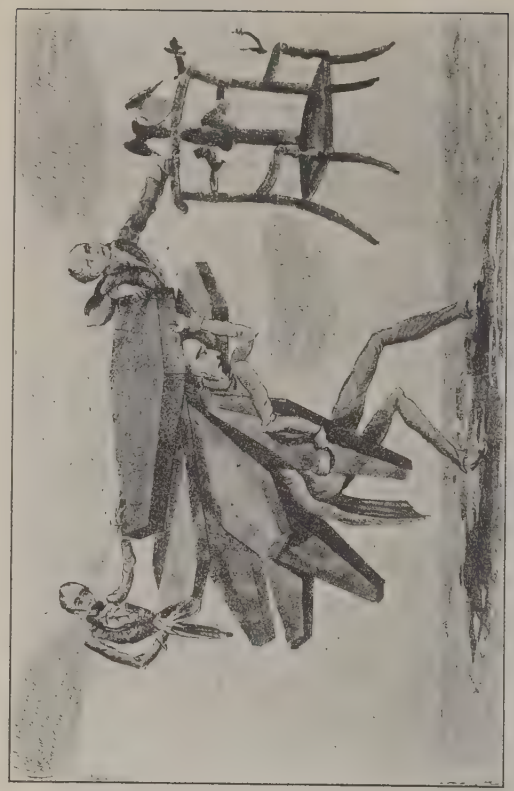
[1] A reference to the Whig campaign slogan: "Tippecanoe and Tyler too!"

Harrison, resigned on September 11, 1841, with the exception of Daniel Webster, Secretary of State, who refused to go out with the others on the patriotic ground that he was conducting "delicate and important affairs" in his department. The vacancies were filled by the President with Democrats and Whigs friendly to his interest. The Whigs in Congress met in caucus and issued a manifesto repudiating him. Representative Caleb Cushing [Mass.], in an able paper, rushed to the President's defence, attacking Henry Clay as a "dictator"—at the instigation, it was said, of Daniel Webster—and in the succeeding years of the Administration he supported the President through thick and thin, calling forth the following severe denunciation by Representative Garrett Davis [Ky.].

The Pupil of Machiavelli

Denunciation of Caleb Cushing by Representative Davis

The gentleman occupies a strange position, and puts forth extraordinary notions, considering the measures and principles which he always, until the commencement of this Administration, advocated with so much zeal and ability. I had read many of his speeches before I knew him. I admired his talents and attainments; I approved of the soundness of his views, and was instructed and fortified in my own. But he is wonderfully metamorphosed; and I think, if he will examine the matter deliberately, he will find it to be quite as true, that he has broken his neck politically in jumping his somersets, as that "the Whig party has knocked out its brains against the fixed fact." He tells us that party is nothing but an association of men struggling for power; and that he contemns measures—that measures are not principles. The gentleman must have been reading the celebrated treatise, "The Prince," for such *dicta* are of the school of Machiavelli; and his sudden and total abandonment of all the principles as well as measures, to which he was as strongly pledged as any Whig, good and true, proves that he has studied his lesson to some purpose. At the extra session of 1837 he opposed the sub-treasury in a very elaborate speech. Now he is the unscrupulous advocate of the exchequer, a measure embodying both the sub-treasury and a great organized govern-



THE PEDLAR AND HIS PACK, OR THE DESPERATE EFFORT. AN OVERBALANCE
Caricature of Tyler's Defunct Cabinet, Webster Holding His Seat
From the collection of the New York Historical Society

ment bank, and fraught with more frightful dangers than his own excited imagination had pictured in the whole three years.

He was one of the stanchest supporters of a United States bank. He characterized "the refusal of the late President (Jackson) to sign the bill rechartering the bank, like the removal of the deposits, to be in defiance and violation of the popular will," and characterized as felicitous the periods of time when we possessed a national bank, and as calamitous the periods that we were without it. And yet, sir, he has denied that he was ever the supporter of a bank of the United States, and is now one of the most rabid revilers of such an institution.

He was for Mr. Clay's land bill; and he has abandoned and now contemns it. No man has been more frequent and unsparing in his denunciations of General Jackson; and now he is the sycophantic eulogist of the old hero. He was the unflinching defender of the constitutional rights and powers of Congress. This Administration has not only resorted to the most flagitious abuse of the veto power, but has renewed every other assault, open or insidious, of Presidents Jackson and Van Buren upon Congress, which he, at the time, so indignantly rebuked; and he now justifies them all. He has gone far ahead of the extremest parasites of executive power. John Tyler vetoed four acts of Congress which the gentleman had voted for, and strange, by his subtle sophistry, he defended each of the vetoes; and, most strange, when the House, in conformity to the provisions of the Constitution, voted again upon the measures, his vote was recorded in their favor, and to overrule the very vetoes of which he had just been the venal advocate."

CHAPTER IX

Treasury Notes
["greenbacks"]

Elbridge G. Spaulding [N. Y.] Introduces Bill in the House to Authorize a Large Issue of Treasury Notes ("Greenbacks")—Debate: in Favor, Mr. Spaulding; Opposed, George H. Pendleton [O.], Clement L. Vallandigham [O.]; the Bill Is Passed.

CONGRESS at various times during the session of 1861-62 appropriated vast sums of money for the prosecution of the war, and authorized repeated issues of treasury notes ("greenbacks") to pay the same.

On January 22, 1862, Elbridge G. Spaulding [N. Y.], from the Committee on Ways and Means, introduced in the House a bill to authorize $100,000,000 of such notes, and to fund the floating national debt. Such notes were to bear no interest and to be payable "at the pleasure of the United States"; no note should be for less than $5; such notes were to be receivable for all debts due the Government and for all debts of the Government due to individuals, corporations, etc., within the United States; they were to be "legal tender in payment of all debts, public and private, within the United States"; when deposited in multiples of $50 in the treasury, six per cent. bonds, payable in twenty years at the pleasure of the Government, were to be issued therefor, and when not less than $2,500 of these bonds were presented the Secretary of the Treasury, if he deemed it expedient, might issue therefor bonds whose principal and interest were payable in foreign lands in foreign currency; the treasury notes were to be lawful payment at par value for Government bonds thereafter to be issued.

To fund the public debt the Secretary of the Treasury was authorized to issue bonds to an amount not exceeding $500,000,000, bearing six per cent. interest, and redeemable at the pleasure of the Government twenty years from date; the denominations of the bonds were to be not less than $50, and the amount issued to each person or corporation not less than $2,500; the Secretary might, if he deemed it expedient, issue for these bonds similar ones payable in foreign lands in foreign currency; he was also authorized to pay creditors of the United States with the bonds, or to exchange them for lawful money of the United States, including treasury notes.

Treasury Notes

House of Representatives, January 28–February 25, 1862

In advocacy of the bill Mr. Spaulding, on January 28, said:

The bill before us is a war measure—a measure of *necessity*, and not of choice, presented by the Committee of Ways and Means, to meet the most pressing demands upon the treasury, to sustain the army and navy until they can make a vigorous advance upon the traitors and crush out the rebellion. These are extraordinary times, and extraordinary measures must be resorted to in order to save our Government and preserve our nationality.

At the extra session in July last Congress authorized the Secretary of the Treasury to borrow $250,000,000, for which he was authorized to issue coupon bonds, or registered bonds, or treasury notes, in such proportions of each as he might deem advisable. The bonds were to be issued for twenty years at a rate not exceeding seven per cent. interest per annum, payable half yearly; and the treasury notes were to be issued in denominations of not less than $50 each, at three years, with interest at seven and three-tenths per cent. per annum, payable half yearly, and exchangeable at any time for twenty-year six per cent. bonds. Or, at the option of the Secretary, he was permitted to issue $50,000,000 of the above loan in treasury notes, on demand, in denominations of not less than $5 each without interest, and made receivable in payment of salaries or other dues owing by the United States; or, in his discretion, he was authorized to issue treasury notes at one year, bearing interest at three and sixty-five hundredths per cent. per annum, exchangeable at any time in sums of $100 or upward for the three-year treasury notes bearing seven and three-tenths per cent. interest, but in the aggregate not to exceed $250,000,000. A further provision, however, was made, to wit: that the Secretary of the Treasury might negotiate any part of the loan for six per cent. twenty-year bonds *at a rate not less than the equivalent of par for bonds, bearing seven per cent. interest per annum half yearly, payable in twenty years.*

Under these provisions the Secretary of the Treasury has borrowed $203,516,500.

The total amount of the public debt up to the present time, and for which United States stock and treasury notes have been issued, is, liquidated and unliquidated, to July 1, 1863, $1,200,000,000.

There is now over $100,000,000 of accrued indebtedness in different forms that should be paid at an early day.

With this large accrued indebtedness, and with the prospect that (unless this bill is adopted) the Government will put on the market to the highest bidder still further issues of bonds to the amount of two hundred and fifty to three hundred millions of dollars, to pay current expenses to July next, it is not expected that even the present price of United States stocks can be maintained if forced on the market at this time. We have this alternative, either to go into the market and sell our bonds for what they will command or to pass this bill, or find some other better mode, if one can be devised, to raise means to carry on the war. The Secretary has the means of defraying the daily expenses required to be disbursed from the treasury for only a few days longer. With the enormous expenditures of the Government, to pay the extraordinary expenses of the war, it requires no extended calculation to show that the treasury must be supplied from some source, or the Government must stop payment in a very few days.

You cannot borrow of capitalists any more money on twenty-year seven per cent. bonds, nor on your seven and three-tenths per cent. treasury notes, at the rates fixed by the act of July last. If you offer to the people, and put on the market, $300,000,000 more to the highest bidder, in the present aspect of affairs, they would not be taken except at ruinous rates of discount. That policy would depreciate the bonds already taken by the banks and the people, who are most loyal to the Government, and who came forward as your best friends and furnished the means so

much needed during the last few months to organize your army and navy; and, besides, such depreciation would greatly increase the debt, by requiring a much larger amount of bonds to be issued than would be needed if your loans were taken at par. A loan put upon the market in the present depressed state of United States stocks, to be followed by other large loans, is not regarded as a favorable mode of providing means for maintaining the Government at the present time. If it had been adopted at first, it might possibly have been the best mode; but it is now too late to essay that plan, and I believe it would be ruinous to adopt it. I fear the twenty-year six per cent. bonds would, under the pressure, fall to seventy-five, seventy, sixty, and even fifty cents. This would be a ruinous mode of raising the means to carry on the Government.

What, then, is to be done? The Secretary of the Treasury [Salmon P. Chase] in his annual report does not recommend the issue of demand treasury notes, although he points out many advantages that would result to the Government from their issue. He suggests two plans: first, the issue of demand treasury notes; and, second, a national currency secured by a pledge of United States stocks, to be issued by banks and associations, with proper regulations for their redemption by the banks themselves.

On the propriety of the issue of treasury notes by the Government, to be put in circulation as money, the Secretary says:

> "The first of these plans was partially adopted at the last session of Congress, in the provision authorizing the Secretary to issue United States notes, payable in coin, to an amount not exceeding $50,000,000. That provision may be so extended as to reach the average circulation of the country, while a moderate tax, gradually augmented, on bank notes, will relieve the national from the competition of local circulation. It has been already suggested that the substitution of a national for a State currency, upon this plan, would be equivalent to a loan to the Government without interest, except on the fund to be kept in coin, and without expense, except the cost of preparation, issue, and redemption, while the people would gain the additional advantage of a uniform currency, and relief from a considerable burden in the form of interest on debt."

These remarks of the Secretary were made before the suspension of specie payments. The situation of the country is now very different from what it was two months ago. The circumstances have changed, and the Secretary and Congress will find it necessary, in the present exigency, to conform their action to what *can* be done, and not to what they would *like* to do were it otherwise practicable.

The second plan of the Secretary, and the one which he recommends for adoption, namely: a national currency, to be issued by banks, and secured by a pledge of United States stocks, the sub-Committee of Ways and Means have examined with considerable care. A bill has been prepared and printed for the use of the committee, which may, after some modification, be reported to this House for its action. The committee have come to the conclusion that, however meritorious this system may be in providing a way for funding the stocks of the United States, and however perfect the system may be made by Congress, it cannot, if adopted, be made available soon enough to meet the immediately impending necessities of the Government.

The new system of banking would necessarily go into operation slowly. The existing circulation of bank notes in the loyal States is supposed to be about one hundred and forty millions of dollars. This new currency, when issued, would come into competition with the existing circulation of the banks already established in the several States, and, in the present embarrassed condition of monetary affairs, several months must necessarily elapse before any considerable amount of United States stocks would be absorbed by banks under this proposed new law. As an ultimate mode of funding some part of the large amount of Government stock which has already been issued, and which must from time to time be issued, it may be very valuable; and the national currency issued upon it would no doubt obtain a wide circulation, and greatly facilitate the payment of taxes and other dues to the Government. But with a navy, and an army of six hundred thousand men in the field, requiring, with the other expenses of the Government, an average daily expenditure of more than $1,600,000, this new system of banking will not afford relief to the treasury in time to enable the Secretary to meet the pressing demands that are made upon him.

The duties received at the different customhouses, and the taxes levied at the extra session, or that may now be levied, will be wholly inadequate to meet the requirements of the treasury in the present emergency during the next six months. If you cannot borrow the money on the credit of the United States, except at ruinous rates of discount, and cannot make the new banking system available in time, and cannot realize the amount required from your tariff and tax bills, in what mode can the means be obtained and the Government be carried on? It is believed that the only way in which it can be done is by issuing treasury notes, payable on demand, and making them a legal tender in payment of all debts, public and private, and by ade-

quate taxation to be imposed by new bills. This will bring into full exercise all the higher powers of Government under the Constitution. (See article one, section eight.)

The tables from the Census Bureau show that the true value of the property, real and personal, within the United States, is $16,159,616,068, and the assessed value is $12,006,756,585.

The power in the Constitution to "lay and collect taxes, duties, imposts, and excises" is general and unlimited. Congress has the power to levy and collect any amount of taxes that may be necessary to preserve its existence and pay all its *debts*. Government has a claim—a mortgage, in fact—on all this property to that extent. Will Congress do its duty by passing bills to collect these taxes? This is the vital question. Will Congress have the firmness and the courage to impose the necessary taxation to sustain the credit of the Government? Direct taxation, excises, and internal duties are new features within the United States. They will be heavy burdens on the people, but essential to sustain the circulation of demand treasury notes. The tax gatherer will be an unwelcome visitor to most people, but his face must soon be familiar.

Some members of Congress may hesitate to vote for the tax bills, fearing that they may not be in favor with their constituency at home. Under these circumstances will members of Congress meet the question boldly and firmly? Here is the whole property of the country at the will of Congress. You have the power to tax it to an unlimited extent if necessary to sustain the Government.

This is the *capital*, $16,000,000,000 in amount, on which your treasury notes and bonds rest. This claim of Government in the hands of Congress is direct and specific on the banks throughout the United States, including the gold and silver in their vaults; on commerce, on all kinds of production and business; on railroads, steamboats, and their passengers; on gas companies, on manufacturing companies of all kinds; in short, all real and personal estate of every kind is held subject to the payment of the treasury notes and bonds issued by the Government. Congress is clothed with this mighty power to sustain the nation at this time.

Will you hesitate to do your duty? This is what the people —the capitalist, the merchant, and all who confide in your demand notes—want to know. If they take these notes they want to know positively whether you will enforce the claim of the Government upon the property of the country to the full extent necessary to redeem the treasury notes, and pay punctually

the interest on the bonds which they take of you to sustain the Government. Unless you are prepared to satisfy the country on this point, it is in vain to issue bonds or notes and expect them to pass currently among all the people. Unless this is done they will depreciate, and they ought to depreciate; but with ample taxation, cheerfully voted by Congress, they will be the very best security in the country, because the whole property of the country is held for their redemption. Congress has a plain duty to perform; it has ample power. This power should now be enforced.

In carrying on this existing war and putting down the rebellion it is necessary to bring into exercise all the sovereign power of the Government to sustain itself. The war power must be exercised to its full extent. The money power of the Government must be brought into requisition. The power to tax must be availed of. All the energies of the nation must be aroused and brought into action. The power of the Government and the means of the people must all be devoted to this great work. The Government must be preserved, and this nation of thirty-four States must be perpetuated. The life of the nation is in peril, and all we have and all we hope for must be devoted to maintain its existence, until peace and quiet are restored in every part of our common country.

This bill is a *necessary means* of carrying into execution the powers granted in the Constitution "to raise and *support* armies," and "to provide and *maintain* a navy.

In the present *crisis* of our national affairs it is necessary that the army should be "supported," and the navy "maintained." This necessity will not be questioned by any loyal member on this floor.

The Constitution provides that "*all the laws necessary and proper* for carrying into execution the foregoing powers" may be passed by Congress.

If the *end* be legitimate, and within the scope of the Constitution, all the *means* that are appropriate, which are plainly adapted to that end, and which are not prohibited, may be constitutionally employed to carry it into effect.

If a certain means to the exercise of any of the powers expressly given by the Constitution to the Government of the Union be an appropriate measure, not prohibited by the Constitution, the degree of its necessity is a question of *legislative discretion*, not of judicial cognizance.

The Government of the United States is not prohibited by the Constitution from issuing treasury notes on demand, and

making them a *legal tender* in payment of all debts within its jurisdiction. The Constitution (article one, section ten) prohibits the *States* from making anything but gold and silver coin a legal tender in payment of debts; but this does not at all restrict the sovereign power of the United States. Congress has the power to coin money, "regulate the *value* thereof and of foreign coin." Gold and silver by long practice—a practice that has continued for centuries among all nations—have become the legal money of the world in all commercial transactions. Their real intrinsic value is not as great as that fixed upon it by governments. All governments fix the value of gold and silver; and without their government stamp gold and silver would be a simple commodity, like other things having intrinsic value. Some governments fix the value of coin higher, and some lower; just as each for itself chooses to determine. Any other metal or thing that should be stamped, and its value regulated by all the governments of the world, would pass equally well in all commercial transactions, as gold and silver, although not intrinsically as valuable. Exchequer bills or treasury notes, whose value is fixed by Government, and stamped as money, would pass as money in the payment of debts within the jurisdiction of the Government fixing such value.

In regulating the value of "coin"—either foreign or domestic—Congress may provide that gold and silver shall be of no greater value in the payment of debts, within the United States, than the treasury notes issued on the credit of this Government, which stamps such coin and fixes its value. These high powers of government have been frequently exercised by Great Britain during her continental wars, in making the Bank of England notes receivable for public dues, and virtually in payment of debts, by a suspension of specie payments within the United Kingdom; and other governments of Europe have exercised the same high prerogatives wherever necessary to preserve their existence. But we are not left to this argument alone for constitutional power to issue these demand notes and make them a legal tender in payment of debts.

Here the speaker read an opinion from Attorney-General Edward Bates, supporting the constitutional soundness of the proposition.

The Attorney-General, in an unofficial opinion, given to me at my solicitation, says:

"Certainly the Constitution contains no direct verbal prohibition, and I think it contains no inferential prohibition that can be fairly drawn from its expressed terms. The first article of the Constitution, section eight, grants to Congress specifically a great mass of powers. Section nine contains divers limitations upon Congress, upon the United States, and upon individuals; and section ten contains restrictions upon the several States. This last section is the only one that treats of *tender*. 'No *State* shall make anything but gold and silver coin a tender in payment of debts.' This applies to a *State* only, and not to the nation; and thus it has been always understood.

"With regard to the next preceding clause in the same section—'No State shall emit bills of credit;' the prohibition to emit *bills of credit* is quite as strong as the prohibition to make anything but gold and silver coin a legal tender, yet nobody doubts, Congress does not doubt, its power to issue bills of credit. Treasury notes *are* bills of credit, and I think one is just as much prohibited as the other. Neither is forbidden to Congress."

The Constitution provides that Congress shall have power to pass "all laws necessary and proper" for carrying into execution all the powers granted to the Government of the United States, or any department or officer thereof.

The word "necessary," as used, is not limited by the additional word "proper," but enlarged thereby.

"If the word *necessary* were used in the strict, rigorous sense, it would be an extraordinary departure from the usual course of the human mind, as exhibited in solemn instruments, to add another word, the only possible effect of which is to qualify that strict and rigorous meaning, and to present clearly the idea of a choice of means in the course of legislation. If no means are to be resorted to but such as are *indispensably* necessary, there can be neither sense nor utility in adding the word *'proper;'* for the *indispensable necessity* would shut out from view all consideration of the *propriety* of the means."—3 Story's "Commentaries," sec. 122.

Mr. Spaulding also read from the "Federalist," No. 23, in which Alexander Hamilton contended that the powers of the sword and purse in the Federal Government were unlimited.

Congress may judge of the necessity in the present exigency. It may decide whether it will authorize the Secretary of the Treasury to issue demand treasury notes, and make them a legal tender in payment of debts, or whether it will put its six or seven per cent. bonds on the market, at various rates of discount, and raise the money at any sacrifice the money lender may require to meet the pressing demands upon the treasury. In the one case the Government will be able to pay its debts at fair rates of interest; in the other it must go into the streets

"shinning" for the means, like an individual in failing circumstances, and sure of being used up in the end by the avarice of those who may exact unreasonable terms. The Government needs and should have in her present peril the aid and protection of all patriotic citizens.

But, sir, knowing the power of money, and the disposition there is among men to use it for the acquisition of greater gain, I am unwilling that this Government, with all its immense power and resources, should be left in the hands of any class of men, bankers or money lenders, however respectable and patriotic they may be. The Government is much stronger than any of them. Its capital is much greater. It has control of the bankers' money, and all the brokers' money, and all the property of the thirty millions of people under its jurisdiction. Why, then, should it go into Wall street, State street, Chestnut street, or any other street begging for money? Their money is not as secure as Government money. All the gold they possess would not carry on the Government for ninety days. They issue only promises to pay, which, if Congress does its duty, are not half as secure as United States treasury notes based on adequate taxation upon all the property of the country.

Why then go into the streets at all to borrow money? I am opposed, in our present extremity, to all shifts of this kind. I prefer to assert the power and dignity of the Government, by the issue of its own notes, pledging the faith, the honor, and property of the whole loyal people of the country to maintain their circulation and provide for their redemption.

On the question of constitutional power we are not left without the recorded opinions of the ablest jurists in the country. (1 Kent's "Commentaries," 351-52; McCulloch *vs.* the State of Maryland, 4 Wheaton's R. 413-20.)

A suspension of specie payments is greatly to be deplored, but it is not a fatal step in an exigency like the present. The British Government and the Bank of England remained under suspension from 1797 to 1821-22, a period of twenty-five years. During this time England successfully resisted the imperial power of the Emperor Napoleon, and preserved her own imperiled existence. As a measure of necessity, she made the Bank of England notes virtually a legal tender by suspending the specie restriction. During all this time the people of Great Britain advanced in wealth, population, and resources. Gold is not as valuable as the productions of the farmer and mechanic, for it is not as indispensable as are food and raiment. Our army and navy must have what is far more valuable to them

than gold and silver. They must have food, clothing, and the material of war. Treasury notes issued by the Government, on the faith of the whole people, will purchase these indispensable articles, and the war can be prosecuted until we can enforce obedience to the Constitution and laws, and an honorable peace be thereby secured. This being accomplished, I will be among the first to advocate a speedy return to specie payments, and all measures that are calculated to preserve the honor and dignity of the Government in time of peace, and which I regret are not practicable in the prosecution of this war.

An early and successful advance of our armies is of the utmost importance; we need such an advance to sustain the financial credit of the Government; we need it to prevent foreign intervention; we need it to rouse the flagging energies of the people; and, above all, we need it to vindicate the courage and invincibility of our brave soldiers, who are so anxious to be led on to victory.

On January 29 George H. Pendleton [O.] spoke against the bill.

I have examined, Mr. Chairman, with some care, every law authorizing the issue of treasury notes which has been passed from the foundation of the Government up to this hour, and I find that this bill differs from all of them in several essential particulars. Every other law authorizing the issue of treasury notes provided that they should bear some rate of interest, whereas these are to bear none; that they should be payable at a fixed time prescribed in the note, whereas these are only to be payable at the pleasure of the United States; that the notes thereby authorized should be receivable in payment of public debts only by those who were willing to receive them at par, while these notes are to be received by every public creditor who is not willing to forfeit his right to payment at all. These notes are to be made lawful money, and a legal tender in discharge of all pecuniary obligations, either by the Government or by individuals, a characteristic which has never been given to any note of the United States or any note of the Bank of the United States by any law ever passed. Not only, sir, was such a law never passed, but such a law was never voted on, never proposed, never introduced, never recommended by any department of the Government; the measure was never seriously entertained in debate in either branch of Congress.

If this bill shall pass, we are about to take a departure from

the settled financial policy of the Government. We are about to launch ourselves, with sails all set, upon an ocean of experiment, upon which the wise men who administered the Government before we came into power, warned by the example of other nations, would not permit it even to enter. I believe that this Government has reached a crisis in its history. I believe that it is approaching a period in the history of its legislation which may determine the question of its continuance. By wisdom it may overcome the evils of secession; by its great powers and resources it may be able to defend itself against those in arms against it; but I firmly believe that it cannot maintain itself against the shock of the accumulated and manifold dangers which follow inevitably, closely in the wake of an illegal, unsound, and depreciated Government paper currency.

The feature of this bill which first strikes every thinking man even in these days of novelties, is the proposition that these notes shall be made a legal tender in discharge of all pecuniary obligations, as well those which have accrued in virtue of contracts already made as those which are yet to accrue in pursuance of contracts which shall hereafter be made. Do gentlemen appreciate the full import and meaning of that clause? Do they realize the full extent to which it will carry them? Every contract for the payment of money is in legal contemplation a contract for the payment of gold and silver coin. Every promissory note, every bill of exchange, every lease reserving rent, every loan of money reserving interest, every bond issued by this Government, is a contract to which the faith of the obligor is pledged that the amount, whether rent, interest, or principal, shall be paid in the gold and silver coin of the country. Every contract for the performance of some other thing than the payment of money carries with it, as the penalty of its infraction, that damages shall be assessed, and that these damages shall be paid, even if necessary at the end of an execution, in the gold and silver coin of the country. Every verdict which has been rendered, every judgment which has been entered up, every decree for the payment of money has been made upon that hypothesis. That is the measure of the obligation of the one party, and of the right of the other.

The provisions of this bill contemplate impairing the obligation of every contract of that kind, and disturbing the basis upon which every judgment and decree and verdict has been entered. It proposes to say to a party who has entered into a contract, "You shall be discharged from the obligations of that contract by doing something else than that which you have

agreed to do." It proposes to say to every party with whom a contract has been made, "Though you are entitled to demand one thing, you shall, perforce, remain satisfied with the doing of another." It proposes to say, "Although you have agreed to pay gold and silver, you shall be discharged upon the payment of these notes; although you are entitled to demand gold and silver, you shall rest content with the reception of this paper." It proposes, in one word, to release the one party from the obligation of his contract, and to divest the other party of the right which has been vested in him by that contract. Sir, I am sure I need only state the proposition to shock the mind of the legal profession of the country, so thoroughly has it been imbued with the idea of the sanctity of the obligation of contracts by those who have taught it the beneficent maxims of constitutional law.

As for the rest, this bill provides that it shall be illegal to make a contract for dealing in gold and silver coin; or, to state it more exactly, it provides that, whatever executory contracts parties may make concerning the gold and silver coin of the country, they shall be discharged upon the performance of another and different duty—by the delivery of an equivalent number of dollars in these notes. Where, sir, does Congress get this power? Where is the grant to be found? One would suppose that a power like that—a power which involves the impairing of the obligations of such a vast class of contracts, which proposes to disturb vested rights to such an immense extent—would be worthy of a place in the express grants of the Constitution.

The gentleman from New York [Mr. Spaulding], in his argument yesterday, deduced this power from the general powers of the Government. He told us that Congress had power to lay and collect taxes; to raise and support armies; to provide and maintain a navy; and that all power necessary to effectuate these purposes was expressly given by the general grant of the Constitution. If I should admit his statement in the very language in which he has made it, am I not entitled to ask whether he has shown us any legitimate connection between making these notes a legal tender and the power to raise an army? Might I not ask whether the repudiation of the obligations of the Government to pay its interest is a legitimate means for providing and sustaining a navy? Whether impairing the obligations of contracts between private individuals throughout the country will, in any degree, assist the Government in its great duty of laying and collecting taxes? We had no demonstration of the necessity or propriety of these means to accomplish those ends.

The gentleman spoke quite at large in reference to the sovereign power of the Government. He told us that this power was not prohibited in the Constitution. He told us that in times of great emergency everything may be done except that which is prohibited; and he read an argument from the Attorney-General, which concludes, as it began, with the proposition that such a power is not prohibited to Congress. Sir, I repudiate this whole idea. I think it has no solid foundation in the Constitution. In all its external relations, standing among the nations of the earth, the Government of the United States is sovereign, and is invested with all the attributes of sovereignty; but in its relations to its own citizens, in its relations to the States, in its relations to its own constituents, it has no power except that which is granted. It has no original power; its powers are all delegated, and delegated by the terms of the Constitution itself. I repudiate the idea that all the sovereign power which rightfully resides in the nation must necessarily find expression in any department of the Government, whether it be national or State. I stand upon the provision of the Constitution, that all power which is not delegated to the Federal Government is reserved from it; and that all power which is not delegated to it, and thereby reserved from it, resides either in the States or the people. There are many powers which are denied by the Constitution to the States, and yet not delegated to the general Government. They find their proper repository in the people.

When I come to examine the powers of Congress, according to the principles of interpretation to which I adhere, I look to the grants of the Constitution. I find no grant of this power in direct terms, or, as I think, by fair implication. It is not an accidental omission; it was intentionally left out of the Constitution, because it was designed that the power should not reside in the Federal Government.

Prior to the adoption of the Constitution the States had nearly all—perhaps all—emitted paper money, and had made it a legal tender in the payment of debts. It was designed originally to forbid to the States the exercise of that power, and to delegate it to the Federal Government; and, accordingly, the first draft of the Constitution reported by the committee of revision contained a clause prohibiting this power to the States, and another clause granting to the Federal Government the right "to borrow money and emit bills on the credit of the United States." When that clause came up for discussion—as it appears from page 1343 of the third volume of the Madison Papers—

"Mr. Gouverneur Morris moved to strike out 'and emit bills on the credit of the United States.' He said, if the United States had credit, such bills would be unnecessary; if they had not, unjust and useless."

Mr. Madison thought it was advisable to leave in the Constitution the provision that Congress might *emit bills of credit*, and to deprive Congress of the power of making them a *legal tender*, thus removing

"the temptation to emit them with unjust views. And promissory notes, in that shape, may in some emergencies be best."

A very sharp debate followed upon the proposition to strike out from the Constitution the clause conferring that power:

"Mr. Ellsworth thought this a favorable moment to shut and bar the door against paper money. The mischiefs of the various experiments which had been made were now fresh in the public mind, and had excited the disgust of all the respectable part of America. By withholding the power from the new Government, more friends of influence would be gained to it than by almost anything else. Paper money can in no case be necessary. Give the Government credit, and other resources will offer. The power may do harm, never good." . . . . . .

"Mr. Butler remarked that paper was a legal tender in no country in Europe. He was urgent for disarming the Government of such a power." . . . . . .

"Mr. Read thought the words, if not struck out, would be as alarming as the mark of the beast in Revelation."

And, on the motion to strike out those words from the Constitution, it was decided by a vote of nine States "aye," and two States "no."

And so thoroughly was that understood to be the meaning and policy of the Government that none of the early statesmen of the country, either those who had been present at the time of the making of the Constitution or those who followed so closely after as that they were familiar with those who did make it, even suggested that such a power existed.

Mr. Hamilton, certainly, a gentleman who was in favor of enlarging to the utmost the powers of the Government, in his very first report to Congress upon the subject of a national bank, takes a distinction between the emission of bills by the Government and the creation of a bank with power to emit its own bills. In that famous report on a national bank, in 1790, he uses this language:

"The emitting of paper money by the authority of the Government is wisely prohibited to the individual States by the national Constitution;

and the spirit of that prohibition ought not to be disregarded by the Government of the United States. Though paper emissions, under a general authority, might have some advantages not applicable, and be free from some disadvantages which are applicable to the like emissions by the States separately, yet they are of a nature so liable to abuse—and, it may even be affirmed, so certain of being abused—that the wisdom of the Government will be shown in never trusting itself with the use of so seducing and dangerous an expedient. In times of tranquillity it might have no ill consequence; it might even perhaps be managed in a way to be productive of good; but, in great and trying emergencies, there is almost a moral certainty of its becoming mischievous. The stamping of paper is an operation so much easier than the laying of taxes that a Government in the practice of paper emissions would rarely fail, in any such emergency, to indulge itself too far in the employment of that resource to avoid, as much as possible, one less auspicious to present popularity."—"Hamilton's Works," Vol. 3, p. 124.

And Mr. Webster, who followed closely the principles of government and of finance laid down by Mr. Hamilton, sought occasion several times in his speeches in Congress to express his decided and firm convictions upon this subject. In his speech upon the renewal of the charter of the United States Bank, made in 1832, Mr. Webster says:

"Congress can alone coin money. Congress can alone fix the value of foreign coin. No State can coin money. No State can fix the value of foreign coin. No State, *not even Congress itself*, can make anything a tender but gold and silver in payment of debts."—"Webster's Works," Vol. 2, page 81.

And again, sir, in 1836, when Mr. Webster was at the very height of his intellectual power, and when by the financial condition of the country he was led to apply all his power to develop the true meaning of the Constitution in this regard, and to devise legislation suited to the evils then existing, in his speech upon the specie circular, says:

"But if we understand by currency the *legal money* of the country, and that which constitutes a lawful tender for debts, and is the statute measure of value, then, undoubtedly, nothing is included but gold and silver. Most unquestionably there is no legal tender in this country under the authority of this Government, or any other, but gold and silver, either the coinage of our own mints, or foreign coins, at rates regulated by Congress. This is a constitutional principle, perfectly plain, and of the very highest importance. The States are expressly prohibited from making anything but gold and silver a tender in payment of debts; and although no such express prohibition is applied to Congress, yet, as Congress has no power granted to it, in this respect, but to coin money and to regulate the value of foreign coins, it clearly has no power to substitute paper, or anything else, for coin, as a tender in payment of debts and in discharge of contracts."—"Webster's Works," Vol. 4, page 271.

RUNNING THE MACHINE

[Meeting of Lincoln's Cabinet, with Pesenden Grinding Out Greenbacks]

From the collection of the New York Historical Society

And Mr. Calhoun, in his speech on the bill authorizing the issue of treasury notes, in 1837, assumes, as indisputable, that Congress possesses no such power.—3 "Calhoun's Works," p. 102.

Sir, it seems to me that if the language of the Constitution and the weight of authority can settle any proposition, it is that Congress has not the power to do that which it is proposed shall be done by the provisions of this bill.

Now, sir, the argument which I have made in reference to the constitutional power of Congress does not depend in any degree upon the question whether or not these notes can maintain their par value in gold and silver. But it may give point to the argument to show the effect which will be produced by the provisions of the bill itself in that respect.

The bill fixes the values of these notes; they shall be equivalent to an equal number of dollars expressed in the twenty-year bonds of the United States, carrying six per cent. interest. What are these bonds worth to-day? Sir, I read in the New York papers that last Saturday they were selling at eighty-nine cents on the dollar. Thus you confiscate, wickedly and unnecessarily, one-tenth—even at the present rates—of all the indebtedness of the country. Sir, it is a monstrous proposition, which I hope will not be tolerated by this House.

But, Mr. Chairman, I go a step further. I doubt whether there is any power in the Federal Government to issue the notes described in this bill, whether they are made a legal tender or not. I have shown to you that the power to "emit bills of credit" was expressly withheld by the convention which framed the Constitution. Now, what is a bill of credit? Chief Justice Marshall, in the case of Craig against the State of Missouri (4 Peters's Reports), defines it. He says:

> "To emit bills of credit conveys to the mind the idea of issuing paper intended to circulate through the community as money, which paper is redeemable at a future day. This is the sense in which the terms have been always understood. The term has acquired an appropriate meaning; and "bills of credit" signify a paper medium intended to circulate between individuals, and between Government and individuals, for the ordinary purposes of society."

Judge Story, in his dissenting opinion in the case of the Bank of the Commonwealth of Kentucky, defines them in the same way. What are these notes? They are made, by the very language—it is their chief purpose—of the bill, lawful money. They are intended to circulate as currency. They come within the definition of "bills of credit."

But, even if I believed this bill to be constitutional in both aspects, I yet see enough in it to merit, as I think, the hearty condemnation of the House. It provides that these notes shall be redeemable only at the pleasure of the United States. The gentleman from New York [Mr. Spaulding] called them "demand notes." They have been so called throughout the country. They do not bear a single characteristic of a demand note. There is no time, from the hour when they shall pass into the hands of the holder, when he can by their terms demand that they shall be redeemed. There is no time when the faith of the Government is pledged to their payment. The holder may present them, and he is told that the time has not arrived at which, by the face of the bill, they are to be paid. They will inevitably depreciate. The wit of man has never discovered a means by which paper currency can be kept at par value, except by its speedy, cheap, certain convertibility into gold and silver. I need not cite gentlemen to history or to authorities—writers on political economy—to prove it. Unless convertible they have always depreciated; they always will depreciate; they ought to depreciate, because they are only valuable as the representatives of gold and silver; and, if they are not convertible into that of which they are the representative, they must necessarily lose their value. You send these notes out into the world stamped with irredeemability. You put on them the mark of Cain, and, like Cain, they will go forth to be vagabonds and fugitives on the earth. What then will be the consequence? It requires no prophet to tell what will be their history. The currency will be expanded; prices will be inflated; fixed values will depreciate; incomes will be diminished; the savings of the poor will vanish; the hoardings of the widow will melt away; bonds, mortgages, and notes, everything of fixed value will lose their value; everything of changeable value will be appreciated; the necessaries of life will rise in value; the Government will pay twofold—certainly largely more than it ought—for everything that it goes into the market to buy; gold and silver will be driven out of the country. What then? The day of reckoning must come. Contractions will follow. Private ruin and public bankruptcy, either with or without repudiation, will inevitably follow.

Can we not learn something from the early experience of our own country? Can we not learn something from the overthrow of the revolutionary government of France by this very over-issue of depreciated paper? Can we not learn something from those throes which the society of England endured during the

long suspension of, and at its return to, specie currency in 1822? Can we not now rise to a wisdom of statesmanship which shall control the finanical necessities of the country without plunging it into that gulf from which there is, with honor and safety, no recovery?

Sir, I beg gentlemen to permit me to read, in closing what I have to say, one more lesson of wisdom from that statesman of New England [Daniel Webster], to whom I have had occasion to refer.

> "No nation had a better currency than the United States. There was no nation which had guarded its currency with more care, for the framers of the Constitution and those who had enacted the early statutes on the subject were *hard money men*. They had felt and duly appreciated the evils of a paper medium; they therefore sedulously guarded the currency of the United States from debasement. The legal currency of the United States was gold and silver coin. This was a subject in regard to which Congress had run into no folly. Gold and silver currency was the law of the land at home, the law of the world abroad; there could, in the present condition of the world, be no other currency."

Let gentlemen heed this lesson of wisdom. Let them, if need be, tax the energies and wealth of the country sufficiently to restore the credit of the Government. Let them borrow whatever money in addition may be necessary—borrow it to the full extent that may be necessary—and let us adhere rigidly, firmly, consistently, persistently, and to the end, to the principle of refusing to surrender that currency which the Constitution has given us, and in the maintenance of which this Government has never, as yet, for one moment wavered.

On February 3 Clement L. Vallandigham [O.] spoke against the bill.

I do not agree, Mr. Chairman, with the gentleman who opened this debate [Mr. Spaulding] that this bill is a war measure. Certainly, sir, it has been forced upon us by the war; but if peace were restored to-morrow these $100,000,000 of treasury notes would be just as essential to the public credit as they are to-day. The argument of "military necessity" has been carried quite far enough already, without being now urged in behalf of the proposition—so unconstitutional, disastrous, and unjust—to make paper money a legal tender in discharge of all debts. I support this measure—not, indeed, as reported—impossible—but as I would have it amended—because it is absolutely essential to even the ordinary credit of the Government, and because without it I see nothing but bankruptcy to the Government in

the midst of immense aggregate wealth among the people. The credit of the country is the honor and strength and support of the country, and it must be maintained at all hazards, and no matter who is President or what party is in power. And I am not willing to hazard the entire credit and honor and good faith of the country, because the Administration may, perchance, use this recuperated credit to continue a war which I have not approved. "War is disunion," said Mr. Douglas; and bankruptcy is disunion, and, as a true Union man, I have opposed the first, as I shall labor now to avert the last.

Sir, disguise it as you may, this bill is but a forced loan from the people. It is an abuse and a stretch of power which no Government, except one either in the first throes of revolutionary madness and desperation, or in the last agonies of dissolution, or in the midst of the most imminent danger of either bankruptcy or conquest and overthrow, and no king or potentate, except a usurper, ever ventured to exert. If voluntarily submitted to, or by fear or power enforced, it will corrupt, derange, and debase the currency, and afflict the country with financial and commercial disaster and ruin, and shake the foundations of public and private credit for half a century to come. But we shall be fortunate if it does not precipitate a revolution, sooner or later, in our own midst.

But, independently of all this, tried by the plainest principles of finance, the commonest maxims of political economy, as exhibited and enforced in the experience of other nations, this bold but ill-advised and most hazardous experiment of forcing a paper currency upon the people, ought to be met by the representatives of the people with unanimous and emphatic condemnation. Otherwise, the experiment, if successful, will be followed by other enormous issues, till not a dollar of gold or silver will be seen again in your day or mine, and but little of ordinary bank paper. Exportation, hoarding, melting, and manufacture into articles of luxury of every kind will follow as the legitimate and inevitable consequence of your irredeemable Government paper currency. The golden age of America henceforth will belong only to the *Saturnia regna*[1] of poets and mythologists.

Nor is this all, nor the worst. An immense inflation or bloat in this wonderful paper money which our financial Midas by his touch is to convert into gold must come next. Cheap in material, easy of issue, worked by steam, signed by machinery, there will be no end to the legions of paper devils which shall

[1] "Reign of Saturn," *i. e.*, the "Golden Age."

pour forth from the loins of the Secretary. Sir, let the army rejoice; there will be no more "shoddy," for there will be no more rags out of which to manufacture it.

And now, sir, what must follow from all this? First, that which never has failed in times of bloated currency—high prices, extravagant speculation, enormous sudden fortunes, immense fictitious wealth, general insanity. These belong to all inordinate and excessive paper issues, and even to plethoras in the circulation of gold and silver, if such plethoras could occur. But the evil will not stop here. Every banker, every lender, every merchant, every business man, and every seller of real or personal estate, or anything else, compelled to receive in payment for whatever he lends or sells an irredeemable paper money, dependent for its value solely upon force, and without the smallest credit, and himself having no confidence in the Government, and no special good will to the borrower or buyer who forces him to take its paper, will demand a still higher price, by way of insurance, than if the currency were sound and safe, no matter how much inflated.

And now, sir, what is to be the result of all this? What else but the result from like causes in years past in foreign countries and in our own? It is written in the commercial convulsions and sufferings of France in 1720, and of England a century later, and of the United States in 1837. The collapse follows the inflation, and is terrible and disastrous just in proportion as the bubble has been magnificent. Your legal tender laws will avail nothing. They have been tried before; tried in this country and tried abroad; and have always failed in the end. The regent of France proclaimed them in Law's time, in 1717; and what followed? Let M. Thiers answer:

"Violent and vexatious as the measures were to sustain the credit of the notes, they were insufficient to give them a value which they did not possess. *Dishonest debtors alone used them to pay their debts.* Coin was secretly used for daily purchases, and was concealed with care. Many accumulated it clandestinely. The greater part buried it in the earth, and the rich realizers used every artifice to transfer it to foreign countries. Another portion of our coin left France; and although the exportation of specie is not necessarily injurious, it was so at this time, since it left behind only a false paper currency and an imaginary capital."

But again, sir: this bill declares these notes to be "payable *at the pleasure of the United States.*" In other words, the debtor dictates terms to the creditor, and declares that a debt payable in cash down or on demand shall be paid at the pleasure of the debtor, or otherwise, in either case, shall be utterly

extinguished. O most wonderful, righteous, and equitable Secretary!

Sir, there is no subject so delicate as credit. What is it? Confidence, trust, faith. In its very nature it is voluntary, and you can no more coerce credit than you can compel belief in a particular creed or religion, or love between man and woman. It withers before suspicion, and languishes and dies at the sight of force. Sir, in the reign of Henry VIII, Parliament passed "an act for the *abolishing of diversity of opinion* in certain articles concerning the Christian religion." How much worse or more abused, I ask, was that act than the bill before us? Good faith is the foundation of all credit; but this bill proposes, not bold and outright, but timid—I will not say cowardly—and indirect repudiation. More than this: it is an open confession of bankruptcy. If the Government has solid means, it needs no notes. If it has credit, why declare its notes lawful money and a legal tender, equal with gold? If it has neither means nor credit, it is exactly what is meant by a bankrupt.

Here, sir, is one of the Continental bills of November, 1776. It bears small resemblance to the delicate paper issues and exquisite engraving of the present day in the United States. It smacks a little of the poverty of "Dixie." Instead of the effigies of Lincoln, it bears on its face a rudely carved wood cut of the wild boar of the forest. It was bad money, sir; but issued in a noble cause. It is redolent of liberty; it smells of habeas corpus, free speech, a free press, free ballot, the right of petition, the consent of the governed, the right of the people to govern, public indictment, speedy public trial, trial by jury, and all the great rights of political and individual liberty for which martyrs have died and heroes contended for ages—although I am not quite sure, sir, that even now it is altogether without somewhat of the odor of rebellion lingering about it. But even this Continental bill purports to be payable, though not paid, in specie. It recites that "this bill entitles the bearer to receive four Spanish milled dollars, or the value thereof in gold and silver, according to a resolution of Congress, passed at Philadelphia, November 2, 1776," and it is issued in the name of "the United Colonies."

But though in the midst of a revolution, and struggling for liberty and life, and in the darkest hour of that sore trial—it was just previous to the victory at Trenton—it never occurred to the just men and patriots of that day to usurp the power to make this paper money a legal tender, and to force it, by this usurpation, into credit and circulation by the strong arm of the

law; and to that extent—and it is great—the United States notes proposed by this bill are fifty-fold worse and more to be abhorred than Continental money. But this paper of 1776 bears no interest, is payable to bearer, payable in gold and silver, payable at no particular time, intended to circulate permanently and generally as money, and without a dollar of tax or revenue to support it. The men of that day relied on patriotism to keep their bills in credit; and yet we know that even then, in the purest and best times of the Republic, they sank in value till at the close of the war $1,000 in paper were worth but one dollar in specie. In short, sir, they so utterly depreciated that to this day, if a profane man would describe anything as totally and hopelessly worthless, he would say of it that it was "not" worth a Continental—*dollar.*"

Sir, what I beg to know is the object of this bill, if it be not to create an enormous and endless public debt, to be interwoven with every political, social, and business relation of life; to subjugate the States and the people perpetually to the Federal Government, and therefore never to be extinguished? The seven years of famine are upon us, and our modern Joseph is to buy in the property of the whole people, and lease it out to them again as tenants at a perpetual rent. Sir, I commend to him the ancient and significant Hebrew proverb: *Quum lateres duplicantur venit Moses*—when the bricks are doubled, Moses comes.

Mr. Vallandigham then proposed a substitute measure, the chief feature of which was the elimination of the legal tender provision of the original.

The bill was passed by Congress and approved by President Lincoln on February 25, 1862, with various amendments. The amount of issue was increased to $150,000,000; the notes were not to be receivable for customs duties nor for interest on Government securities; Government bonds were to be exempt from State taxation. The legal tender provision, which had been the chief cause of objection to the bill, was retained. Salmon P. Chase, Secretary of the Treasury, who was opposed fo it, finally yielded to its retention on the score of military necessity.

CHAPTER X

National Banking System

Salmon P. Chase, Secretary of the Treasury, Proposes a National Banking System to Supply Currency—John Sherman [O.] Introduces Bill for Same in the Senate—Debate: in Favor, Sen. Sherman; Opposed, Lazarus W. Powell [Ky.]—Bill Is Passed and Goes to the House—Debate: in Favor, Elbridge G. Spaulding [N. Y.], Reuben E. Fenton [N. Y.]; Opposed, Stephen Baker [N. Y.], Warren P. Noble [O.]—Bill Is Passed.

IN his annual report, of December, 1861, Salmon P. Chase, Secretary of the Treasury, deriving his idea from a free banking law of the State of New York, which had been in successful operation since 1838, had proposed an act authorizing the organization of banking associations to provide a currency (national banknotes) based on the combined credit of these organizations and of the Government. No action was taken upon it by Congress during the ensuing session, the issue of treasury notes ("greenbacks"), which was then authorized, being deemed sufficient to provide the Government with the needed funds. In his report of December 4, 1862, the Secretary renewed his proposition which the steady depreciation of the greenbacks in value, due to Union defeats which foreshadowed a long and doubtful war, rendered more acceptable now to Congress and the country. The provisions of the measure and the arguments in its favor were thus set forth:

The National Banking System

Report of Secretary of the Treasury Chase

The central idea of the proposed measure is the establishment of one sound, uniform circulation, of equal value through-

out the country, upon the foundation of national credit combined with private capital.

Such a currency, it is believed, can be secured through banking associations organized under national legislation.

It is proposed that these associations be entirely voluntary. Any persons, desirous of employing real capital in sufficient amounts, can unite together under proper articles, and, having contributed the requisite capital, can invest such part of it, not less than a fixed minimum, in United States bonds, and having deposited these bonds with the proper officer of the United States, can receive United States notes in such denominations as may be desired, and employ them as money in discounts and exchanges. The stockholders of any existing banks can, in like manner, organize under the act, and transfer, by such degrees as may be found convenient, the capital of the old to the use of the new associations. The notes thus put into circulation will be payable, until resumption, in United States notes, and, after resumption, in specie, by the association which issues them, on demand; and if not so paid will be redeemable at the treasury of the United States from the proceeds of the bonds pledged in security. In case any association shall fail in such redemption, the Treasurer of the United States will probably, under discretionary authority, pay the notes and cancel the public debt held as security.

It seems difficult to conceive of a note circulation which will combine higher local and general credit than this. After a few years no other circulation would be used, nor could the issues of the national circulation be easily increased beyond the legitimate demands of business. Every dollar of circulation would represent real capital, actually invested in national stocks, and the total amount issued could always be easily and quickly ascertained from the books of the treasury. These circumstances, if they might not wholly remove the temptation to excessive issues, would certainly reduce it to the lowest point, while the form of the notes, the uniformity of devices, the signatures of national officers, and the imprint of the national seal, authenticating the declaration borne on each that it is secured by bonds which represent the faith and capital of the whole country, could not fail to make every note as good in any part of the world as the best known and best esteemed national securities.

The organization proposed, if sanctioned by Congress, would require within a very few years, for deposit as security for circulation, bonds of the United States to an amount not less than $250,000,000. It may well be expected, indeed, since the circulation, by uniformity in credit and value, and capacity of quick and cheap transportation, will be likely to be used more extensively than any hitherto issued, that the demand for bonds will overpass this limit. Should Congress see fit to restrict the privilege of deposit to the bonds known as five-twentieths, authorized by the act of last session, the demand would promptly absorb all of that description already issued, and make large room for more. A steady market for the bonds would thus be established and the negotiation of them greatly facilitated.

But it is not in immediate results that the value of this support would be only or chiefly seen. There are always holders who desire to sell securities of whatever kind. If buyers are few or uncertain, the market value must decline. But the plan proposed would create a constant demand, equaling and often exceeding the supply. Thus a steady uniformity in price would be maintained, and generally at a rate somewhat above those of bonds of equal credit, but not available to banking associations. It is not easy to appreciate the full benefits of such conditions to a government obliged to borrow.

Another advantage to be derived from such associations would be found in the convenient agencies which they would furnish for the deposit of public moneys.

The Secretary does not propose to interfere with the independent treasury. It may be advantageously retained, with the assistant treasurers already established in the most important cities, where the customs may be collected as now, in coin or treasury notes issued directly by the Government, but not furnished to banking associations.

But whatever the advantages of such arrangements in the commercial cities in relation to customs, it seems clear that the secured national circulation furnished to the banking associations should be received everywhere for all other dues than customs, and that these associations will constitute the best and safest depositaries of the revenues derived from such receipts. The convenience and utility to the Government of their employment in this capacity, and often, also, as agents for payments and as distributors of internal revenue stamps, need no demonstration.

Another and very important advantage of the proposed plan is that it will reconcile, as far as practicable, the interests of existing institutions with those of the whole people.

All changes, however important, should be introduced with caution, and proceeded in with careful regard to every affected interest. Rash innovation is not less dangerous than stupefied

inaction. The time has come when a circulation of United States notes, in some form, must be employed. The people demand uniformity in currency, and claim at least part of the benefit of debt without interest, made into money, hitherto enjoyed exclusively by the banks. These demands are just, and must be respected. But there need be no sudden change; there need be no hurtful interference with existing interests. As yet the United States note circulation hardly fills the vacuum caused by the temporary withdrawal of coin; it does not, perhaps, fully meet the demand for increased circulation created by the increased number, variety, and activity of payments in money. There is opportunity, therefore, for the wise and beneficial regulation of its substitution for other circulation. The mode of substitution also may be judiciously adapted to actual circumstances. The plan suggested consults both purposes. It contemplates gradual withdrawal of bank note circulation, and proposes a United States note circulation, furnished to banking associations, in the advantages of which they may participate in full proportion to the care and responsibility assumed, and the services performed by them. The promptitude and zeal with which many of the existing institutions came to the financial support of the Government in the dark days which followed the outbreak of the rebellion are not forgotten. They ventured largely and boldly and patriotically on the side of the Union and the constitutional supremacy of the nation over States and citizens. It does not at all detract from the merit of the act that the losses which they feared, but unhesitatingly risked, were transmuted into unexpected gains. It is a solid recommendation of the suggested plan that it offers the opportunity to those and kindred institutions to reorganize, continue their business under the proposed act, and, with little loss, and much advantage, participate in maintaining the new and uniform national currency.

The proposed plan is recommended, finally, by the firm anchorage it will supply to the union of the States. Every banking association whose bonds are deposited in the treasury of the Union; every individual who holds a dollar of the circulation secured by such deposit; every merchant, every manufacturer, every farmer, every mechanic, interested in transactions dependent for success on the credit of that circulation, will feel as an injury every attempt to rend the national unity, with the permanence and stability of which all their interests are so closely and vitally connected. Had the system been possible, and had it actually existed two years ago, can it be doubted that

the national interests and sentiments enlisted by it for the Union would have so strengthened the motives for adhesion derived from other sources that the wild treason of secession would have been impossible?

The Secretary does not yield to the fantasy that taxation is a blessing and debt a benefit; but it is the duty of public men to extract good from evil whenever it is possible. The burdens of taxation may be lightened and even made productive of incidental benefits by wise, and aggravated and made intolerable by unwise legislation. In like manner debt, by no means desirable in itself, may, when circumstances compel nations to incur its obligations, be made by discreet use less burdensome, and even instrumental in the promotion of public and private security and welfare.

The rebellion has brought a great debt upon us. It is proposed to use a part of it in such a way that the sense of its burden may be lost in the experience of incidental advantages. The issue of United States notes is such a use; but, if exclusive, is hazardous and temporary. The security by national bonds of similar notes furnished to banking associations is such a use, and is comparatively safe and permanent; and with this use may be connected for the present, and occasionally, as circumstances may require hereafter, the use of the ordinary United States notes in limited amounts.

No very early day will probably witness the reduction of the public debt to the amount required as a basis for secured circulation. Should no future wars arrest reduction and again demand expenditures beyond revenue, that day will however at length come. When it shall arrive the debt may be retained on low interest at that amount, or some other security for circulation may be devised, or possibly the vast supplies of our rich mines may render all circulation unadvisable except gold and the absolute representatives and equivalents, dollar for dollar, of gold in the treasury or on safe deposit elsewhere. But these considerations may be for another generation.

The Secretary forbears extended argument on the constitutionality of the suggested system. It is proposed as an auxiliary to the power to borrow money; as an agency of the power to collect and disburse taxes; and as an exercise of the power to regulate commerce, and of the power to regulate the value of coin. Of the first two sources of power nothing need be said. The argument relating to them was long since exhausted and is well known. Of the other two there is not room nor does it seem needful to say much. If Congress can prescribe the struc-

ture, equipment, and management of vessels to navigate rivers flowing between or through different States as a regulation of commerce, Congress may assuredly determine what currency shall be employed in the interchange of their commodities, which is the very essence of commerce. Statesmen who have agreed in little else have concurred in the opinion that the power to regulate coin is, in substance and effect, a power to regulate currency, and that the framers of the Constitution so intended. It may well enough be admitted that, while Congress confines its regulation to weight, fineness, shape, and device, banks and individuals may issue notes for currency in competition with coin. But it is difficult to conceive by what process of logic the unquestioned power to regulate coin can be separated from the power to maintain or restore its circulation, by excluding from currency all private or corporate substitutes which affect its value, whenever Congress shall see fit to exercise that power for that purpose.

The recommendations now submitted, of the limited issue of United States notes as a wise expedient for the present time, and as an occasional expedient in future times, and of the organization of banking associations to supply circulation secured by national bonds, and convertible always into United States notes, and after resumption of specie payments into coin, are prompted by no favor to excessive issues of any description of credit money.

On the contrary, it is the Secretary's firm belief that by no other path can the resumption of specie payments be so surely reached and so certainly maintained. United States notes receivable for bonds bearing a secure specie interest are next best to notes convertible into coin. The circulation of banking associations organized under a general act of Congress, secured by such bonds, can be most surely and safely maintained at the point of certain convertibility into coin. If, temporary, these associations redeem their issues with United States notes; resumption of specie payments will not thereby be delayed or endangered, but hastened and secured; for, just as soon as victory shall restore peace, the ample revenue, already secured by wise legislation, will enable the Government, through advantageous purchases of specie, to replace at once large amounts, and, at no distant day, the whole of this circulation, by coin without detriment to any interest, but, on the contrary, with great and manifest benefit to all interests.

The Secretary recommends, therefore, no mere paper money scheme, but, on the contrary, a series of measures looking to a

safe and gradual return to gold and silver as the only permanent basis, standard, and measure of values recognized by the Constitution—between which and an irredeemable paper currency, as he believes, the choice is now to be made.

The National Banking System

Congress, February 9-20, 1863

On February 9, 1863, John Sherman [O.] brought forward in the Senate a bill from the Committee of Finance framed in accordance with the proposition of Secretary Chase. A discussion followed, chiefly upon the details of the bill.

Lazarus W. Powell [Ky.], however, attacked the measure in a fundamental point. Proposing an amendment requiring each banking association to keep in its vaults gold and silver coin to the amount of at least one-fourth of the issue of notes, he said:

This is to me a most singular bank bill. I have read it over hastily twice, and I have not observed the words "gold and silver coin" mentioned anywhere. I am clearly of the opinion that any bank note issued upon any other than a specie basis will be injurious to the country in which it is issued. Bank notes, in my judgment, to be a benefit to the community, should be redeemable at the counter at which they are issued, in coin. Any other issues in my judgment are destructive to the best interests of the country. The amendment I propose requires each one of these banks to keep in its vaults in coin at all times an amount equal to one-fourth of its issues. That is a very limited amount; but, when you take the United States bonds at their present value, it would not be more than sufficient to protect the note holder against loss in case the institution should wind up.

These issues are to be made upon United States bonds. The issue of notes is, I believe, to be within ten per cent. of the value of the bonds. These notes are to be issued on that basis. Now, suppose it should turn out—and I verily believe it will turn out whenever it is submitted to an intelligent court—that the legal tender clause of your note law will be declared unconstitutional, what will become of the security of the note holder? Your United States bond to-day, I suppose, is not worth over fifty or sixty dollars on the hundred. When I speak of dollars, I

mean gold or silver dollars. If the legal tender note should be declared unconstitutional, this money will be in the hands of the people, and they will be driven to the United States bond for security, and it will be worth still less for the redemption of these notes, and at least forty per cent. of these notes would be found to be without any adequate fund out of which they could be redeemed, and consequently this worthless trash would be in the hands of the people throughout the country without any hope of redemption.

I am opposed to this bill in every form; but, if it is to be passed, I think it proper that we should give it at least a little stiffening. If the amendment that I propose should be adopted I think it would greatly benefit the bill, but I do not wish Senators to understand that even then I shall vote for it. It should be guarded and protected by such wholesome amendments as will secure the note holders against loss. As it is, the note holder will have but very little security. Of all bank issues, that, in my judgment, is the least secure which is issued upon a credit. You propose to issue bank notes here upon the credit of the United States, upon the bonds of the United States. That is to be the basis for the redemption of the notes, and for the security of the note holder. Your bonds to-day are at a very great discount. Where is the security of the note holder? Gentlemen may fall back on the individual liability clause that they have inserted, but that will be worth very little when you have to go all over the country hunting the persons who own stock in these banks, and perhaps two-thirds of them will be worth nothing except the stock they have in the banks, and, when that is gone, nine-tenths of them, perhaps, will have nothing which can be taken on execution.

It is clear to my mind that we should require these banks to keep some portion of coin in their vaults, at least, as security to the holders. All the States which have adopted this free banking system, as far as I know, require the banks to keep on hand a limited amount of specie, some twelve per cent., some thirty per cent., some more. Here, however, is a proposition for a series of banks, a gigantic scheme that absolutely does not require them to pay coin or keep any on hand at all. It is a system of banking that, in my judgment, with all intelligent bankers and merchants will fall still-born. I have conversed with some very intelligent merchants and business men from New York, Boston, and Philadelphia, about this *projet*, and I have yet to find the first one that does not condemn it.

Senator Sherman.—When this bill was drawn I did not

expect that my friend from Kentucky would vote for it; nor did I expect that he would vote for any bill which required the banks which might be organized under it to pay specie from this moment, because, as he knows, that would be futile. His amendment would require these banks to keep twenty-five per cent. of gold and silver in their vaults. The bill as reported provides that they shall keep twenty-five per cent. in lawful money of the United States in their vaults. If the courts shall decide, as the Senator says they will, that the paper money of the United States is worthless trash, illegal and unconstitutional, then the phrase "lawful money of the United States" would mean gold and silver; and the bill suits him now. If the courts shall decide that the paper money of the United States is not worth anything, is unconstitutional, is worthless trash, then the only lawful money left will be gold and silver coin; and the bill as it stands requires the banks to keep twenty-five per cent. of lawful money in their vaults.

But, Mr. President, while we are in war specie payments are naturally suspended. They always will be, as they always have been in every country involved in a great war. They were suspended in England during her wars with Napoleon. Would it not have been singular if some man had stood up in the British Parliament, when during a long war specie payments were suspended, and the Bank of England notes were made the basis of currency, and had denounced the Bank of England paper as worthless trash? It would have been considered a very remarkable thing; and yet that is done now. The United States money, to which the faith of the United States is pledged, to which the faith of every State in the Union is pledged, to which all the property of the United States is pledged, is here denounced, in the Senate of the United States, as worthless trash. And yet without this "worthless trash" we must submit to be overrun by armed confederates who are seeking to subvert the Government, and every man knows it. Every man knows—none better than the Sentaor from Kentucky—that without the issue of paper money it would be impossible to carry on the operations of the Government, and there would be nothing to prevent Jeff Davis from encamping within sight of New York City. It is by the use of just such money that armies are formed in the South.

None of the banks of the United States now pay gold and silver, nor can they; and therefore the amendment was moved, I think, not with much expectation that it would prevail, but to enable the Senator to announce as his opinion that the money of the United States, the notes issued by this Government, are

worthless trash, unconstitutional and unlawful, and that therefore all the banks which might be founded upon it would be unlawful.

Sir, the very moment this war is over; the very moment our credit is good; the very moment the bonds of the United States are worth above par, that moment all these banks will be specie paying banks. My hope is that Congress will never authorize the issue of more than $400,000,000 of United States notes, and that these will be made the basis during the war of the currency of the country, and that by this bill the money of the people, through their banking associations organized all over the country, may be combined in support of the credit of the United States to make a safe and stable currency which will give us during time of war the best substitute possible for gold and silver. That, I believe, will be done; but the very moment our bonds are equivalent to par with gold and silver, as they will be when the war is over, that moment all these banks will be specie paying banks, and every one of them will then be required to keep the very amount of specie in their vaults that the Senator provides for; that is, twenty-five per cent. of the lawful money of the United States. There are but two species of lawful money; one gold or silver coin, and the other the United States greenbacks, as they are called. During the war the greenbacks are necessary to carry on the Government, and necessary as lawful money. They are made so by the Government.

Senator Powell.—It is singular to me that the Senator cannot discuss a legitimate matter of finance without lugging in "Jeff Davis" here as a kind of bugbear to somebody. I do not know what Mr. Jefferson Davis has to do with this matter.

I believe the legal tender clause of your note bill to be unconstitutional. I do not believe that, if a man has contracted to pay me $1,000, which meant $1,000 in gold or silver coin, this Congress can pass a law saying that I shall receive it in paper money, and paper money that is at as heavy a discount as this is.

The Senator says you cannot go on with the war without the issue of greenbacks. I think, and I have always thought, that it was an unwise policy to issue one of them. I know very well that in these times it would be impossible to get along with the sub-treasury law requiring all the receipts and disbursements of the public treasury to be coined. I would have repealed that much of the sub-treasury law, and I would have allowed the notes of solvent banks to be received and paid for the public dues; and then I would have gone into the market and borrowed

money. Your bonds were selling at a premium, in gold and silver coin, too, before you commenced grinding out this paper money. You have ground out paper money until now your bonds are at a discount, payable in paper money that is itself at a very heavy discount, a discount of some forty per cent. and upward; forty-seven I believe to-day. This policy has already ruined the credit of the nation, or at least very much weakened it; destroyed it to a very great extent. In my judgment this has been caused by the unwise financial policy of the Government. I desire to keep up the credit of the Government, and I believe it cannot be kept up by the excessive issue of irredeemable paper money. That is my firm conviction. I wish to put, if I can do it, a little stiffening into the Senator's bill, and I intend at the proper time to move to strike out the clauses which require these notes to be redeemed by what he calls "lawful money," and to insert "gold and silver coin," believing as I do that no bank issue will ever be of use to any country that is not convertible into gold and silver.

I shall move further to amend the bill, if this money is to be thrown on the people, by striking out that provision which prevents it from being received for your customs. If we compel the people to take it in every direction, the Government itself should receive it. I think it is disreputable to a Government to issue and force on its people paper money that it will not take itself. I think that of itself is a clear indication that those who issue it have no confidence in it. If this money is issued and forced on the people, the Government should take it for all its public dues. It should treat the people as it does itself. It should not compel them to use a depreciated currency, while itself, for a large portion of its public dues, demands coin.

Senator Powell's amendments were defeated. The bill was passed on February 12 by a vote of 23 to 21. It went to the House, and was there taken up for discussion on February 19.

Elbridge G. Spaulding [N. Y.] spoke in favor of the measure.

On a full review of this proposed plan of a national currency, it will be seen that it is based on public and private faith; that it proposes to combine the interest of the nation with the rich individuals belonging to it. Only men of surplus capital can profitably engage in the business of banking. If speculators and adventurers, without positive capital, attempt to bank

under this bill they will fail. Money lenders, and not money borrowers, can successfully organize and manage banking associations under the provisions of this act.

The Bank of England is a striking example of the combined power of public authority and private influence in sustaining the credit of Government. We may safely profit by this example. This bank has been the chief agent in sustaining the British Government in the long and exhausting wars in which she has been engaged. The Bank of England is the fiscal agent of the British Government, and, notwithstanding it is a bank of discount, deposit, and circulation, it has thus far received and disbursed the public moneys without the loss of a dollar of the money intrusted to it.

It is also well known that our Government never lost any of the money deposited in the first or second Bank of the United States. They were both fiscal agents of the Government. All the public money was received and disbursed by them with fidelity and usefulness to both parties. Sound and well-managed banks tend to increase public and private credit, and extend as well as to facilitate commerce with States and individuals. They stimulate industry, commodities are multiplied, agriculture, mining, and manufactures flourish; these constitute the true wealth, greatness, and prosperity of the country. If there had been established years ago a sound national bank of $200,000,000 capital, which had been in full operation as the fiscal and financial agent of the Government at the time of the breaking out of the present rebellion, what a mighty support it would have been in sustaining the Government at the present time! The independent treasury law unnecessarily isolated the Government from all the capitalists and the accumulated capital of the country. A sound national bank, upheld and supported by the combined credit of the Government and rich men residing in all the States of the Union, would have been a strong bond of union before the rebellion broke out, and a still stronger support to the Government in maintaining the army and navy to put it down.

Sir, the United States Government has thus far established no permanent system of national currency except that of gold and silver. Ever since the adoption of the Constitution there has been a conflict of opinion among the ablest statesmen of the country upon the question of a national currency. Jefferson opposed the creation of all banks, both State and national. Alexander Hamilton proposed a national bank during the struggle for American independence in 1780, but his suggestions

were not then adopted. During Washington's Administration, in 1791, the first Bank of the United States was incorporated, mainly under the influence of Mr. Hamilton, which continued in operation until 1811, when its charter expired. No national bank was in existence during the second war with Great Britain. That war was carried on by loans and by the issue of treasury notes. In 1816 the second Bank of the United States was chartered, and continued in existence until 1836, when its charter again expired. All will remember the decided opposition of General Jackson to its recharter, and the fierce struggle that ensued between the friends and opponents of a United States bank. The friends of the bank were finally beaten when Jackson was reëlected President in the fall of 1832. The friends of a United States bank again rallied in 1840-41, but were again defeated by the veto of John Tyler. In 1846 the independent treasury law was finally adopted, by which it was established that the operations of the Government should thereafter be carried on wholly in gold and silver coin, and that this money of the Government should be kept separate from all banks and banking transactions. Thus the law continued up to the session of the present Congress.

No settled policy has as yet been established by which the Government has assumed permanent control over the national currency. State banks still go on issuing circulating notes, selling exchange, discounting promissory notes and bills, and receiving deposits, and the sub-treasury law is still unrepealed. A national currency, adequate to the operations of the Government in *peace* and *war*, has yet to be established. It seems that the present is a propitious time to enact this great measure as a permanent system, and that the duty of the Government in providing a national currency shall no longer be neglected.

In the absence of a national bank the State banks have been most liberal in making loans to the Government since the war began. There is in the present imperiled condition of the Union more distrust of the stability of the general Government than there is of the State governments. Some doubt exists, owing to divisions at the North, as to our final success in crushing the rebellion. Could you make it certain that the Union will be preserved, and the national jurisdiction maintained over all the thirty-four States and the $16,000,000,000 of taxable property therein, which is liable for our public debt, excluding therefrom the debt of the rebel government, said to be $900,000,000, the six per cent. bonds of the United States would not be five per cent. below par, while the six per cent. bonds of the State

of New York are worth a premium of twenty-eight per cent. Capitalists are naturally timid, and will hesitate about entering into new projects until they can see the way clear. They desire to know that the Union is to be maintained and the Government perpetuated. Being fully assured of this, your bonds will be immediately above par, and there will be less difficulty in organizing banking associations and carrying this act into effect.

Sir, banking is eminently a practical business. To be successful, it must be based on accumulated capital, and conducted by practical men, who are intimately acquainted with the commerce and business of the country. Finance and financial questions must all be finally brought to a practical standard. However fine spun the theories of visionary men may be, they cannot now be relied on to provide money in the present exigency to pay the army and navy and other needy creditors of the Government. Our plan of finance must be simple, efficient, and practical. It consists of two parts, debts and taxation, namely:

1. Contracting debts for the supply of the army and navy, issuing legal tender notes, and borrowing money in some form on the faith of the Government.

2. Taxation on the entire property, commerce, and business of the country, amply sufficient to pay the principal and interest of all the debts which have been or may be contracted on the faith of the Government.

It will require a strong, stable government, wisely administered, to adjust and enforce the collection of so large an amount of taxes as will be required to pay the extraordinary war debt that must be contracted to crush the rebellion and restore peace and tranquillity over the whole Union.

Many of our friends express sanguine expectations of immediate relief from the passage of this national bank bill, and I should be much gratified to know hereafter that their expectations have been fully realized. But, sir, in my judgment, the Secretary of the Treasury must not place too much reliance upon this plan. It will not give much relief to the treasury for one, two, or three years. It will not to any considerable extent supersede the necessity for the issue of treasury notes. It will go into operation slowly. The Government, having heretofore failed to provide a national currency, the State banks in the older States have been organized, become deeply rooted, and firmly established. It will take a long time to supplant these banks. Every coercive or violent attempt to do so will do more harm than good. This new system will come in competition not only with existing institutions, but will encounter the prejudices

of a large class of people who are hostile to banks, and especially hostile to a United States bank. It will be toward the close of the war, when the Government is firmly established and its authority respected in all the States, that it will be most valuable in providing a way for funding the public debt and establishing a permanent system of national currency. It is chiefly on this ground that I am induced to support the bill at this time. It is more for the benefits to be realized in the future than during the pending war that I am induced to give it my support.

Every day that the war is prolonged the debt is largely increased. The daily increasing debt of $2,500,000 must all be raised by taxation in some form, or the debt will not be paid. The Government is spending at a fearful rate the accumulations of former years of prosperity. Every dollar of debt contracted becomes a first mortgage upon the entire property and productive industry of the country. It affects the farmer, laborer, mechanic, manufacturer, merchant, banker, commission merchant, professional man, and retired capitalist. Every pound of tea, coffee, and sugar used is taxed to pay the expenses of the war, and the persons using these articles of daily consumption pay the tax in the increased price.

This war tax is already beginning to be noticed by the people; but as the war is procrastinated and the debt increased, the burden will be more deeply felt. While we are running along at forty miles an hour, under the pressure of irredeemable paper, necessarily issued and circulated to prosecute the war, the present taxation is easily paid, and there is a seeming prosperity; but I can assure gentlemen that a reckoning day will surely come. Look at the immense army in the field, their commissariat, supply vessels, supply trains, ambulance corps, sutlers, teamsters, hangers-on, idlers, and assistants of all kinds, extending over a line of military operations of more than four thousand miles, and you will be impressed with two important facts:

1. The enormous expenditures necessary to their present support, and the future bounties and pensions that must be paid.

2. The number of men that are withdrawn from industrial pursuits, and the consequent loss of productive industry which ought to be added to the wealth of the country.

All this immense army add nothing by their labor to the wealth of the country, and the expense of supporting such an army devolves upon those who do labor and those who have already acquired property. What a mighty drain this war is upon the productive energies and resources of the country! It is, in-

deed, an exhausting as well as bloody war. Whether it be successful or unsuccessful, vast consequences are involved. If terminated successfully within three years, the Union maintained and the Government perpetuated under the Constitution, the results to flow from such a triumph would amply compensate for all this expenditure of blood and treasure. If it terminates unsuccessfully, the Union divided and the rebel government maintained, the war debt must still be paid; but no man here is wise enough to predict what results will follow such a calamity.

Reuben E. Fenton [N. Y.] supported the bill only as a war measure.

In times of peace and prosperity, when the receipts of the treasury from various sources were more than adequate to meet the expenditures of the Government, I might, indeed, hesitate and even oppose any congressional action which would make innovation upon the systems of banking established by the people of the different States. But now, when that peace and security, which we fancied would endure forever, have been so wantonly disturbed, and the former sources of revenue constitute but a fraction to meet the immense demands, the conviction of the necessity of a change, so as to give the Government the control of the currency of the country, cannot be avoided. Indeed, it has been found necessary, in the course of this extraordinary contest, to strengthen and enlarge the powers of almost every department of the Government.

That the present money system is not adequate for the wants of the crisis, and cannot be trusted as the instrument to work out the great fiscal problem of national finance, is evident by the greatly depreciated state of the currency. I do not here lose sight of or undervalue the aid and advantage of the banks to the Government. To say that those connected with them have not again and again responded to the calls of the Government, by direct loan or by purchase of bonds, would be a denial of facts and ingratitude. But considering the monetary system the banks bring to us—theoretically based on the precious metals and a paper currency which financial regulations have allowed to represent them, issued by banking institutions scattered over the Republic, more than one thousand in number, created by differing local legislation, in some States with a limited circulation and in others unrestrained, in some States based on solid securities, in others with no pledge for public safety other than the integrity of their management—the wonder is that such a

system should have subserved the wants of a great commercial country so well, even previous to our present public disorders. And but for the wise policy of the Government in authorizing issues of treasury notes, everywhere receivable for public and private dues, it must have failed in a serious degree to meet the demands of the Government or the people; Government loans could not have been negotiated, its pecuniary engagements could not have been met, and paper depreciation, with general financial ruin, would have involved both Government and people, and the misfortune would have been as great as would be disaster in the field.

Having so far survived impending perils, we are to consider this uniform currency scheme, as it is called, with the view to provide for the future exigencies of the Government and country. It is warmly recommended by the finance minister of the Government, with the concurrence, as it is understood, of all the members of the Administration, and approved by experienced financiers in every section of the country. It is to have uniform value—everywhere receivable for public dues—and it is believed, without deranging business interests, or adversely to any great extent affecting existing banking institutions, will ultimately become the circulating medium—the money—of the country. It is not the immediate practice of this system which will alone produce the promised results; but the prospect—the being, and is to be—assured by the constant change to and adoption of the system by bankers and capitalists, together with the receptacle it furnishes for the Government bonds. Abstract questions on political economy, the possible effect in diminishing the speculative value of gold, or in regulating the currency so as at all times to prevent inflation and consequent derangement of business, I do not propose to discuss. It is observable, however, that gold has been withdrawn from circulation; and individuals who may have been fearful of the stability of the present system of banking, or who have availed themselves of the opportunities afforded by the system of banking and Government dependence, have made it, instead of a circulating medium or basis for a circulating medium, one of the most lucrative and favorite objects of speculation.

Specie having been heretofore considered the immediate basis of issue and circulation of paper currency, with the present system, as the large Government expenditures shall continue and the public debt increase, may we not expect a still greater depreciation of currency, or greater speculative value to gold, inflation, and derangement, until bankruptcy and ruin confront

us? There is another evil, however, with the present system which should not be overlooked, and which has largely contributed to the depreciation of the currency; for it seems to be sufficiently established that there is not an alarming excess of currency in the aggregate; nevertheless, some of the banking institutions have overissued. It is *this uncontrolled issue and circulation* of paper as currency by irresponsible banks that I refer to.

In only nine of the States out of the thirty-four has the principle of securing payment of circulation by the banks by State bonds been adopted. In some of the loyal States where this regulation has prevailed as a basis of issue and circulation the bonds of some of the States now in rebellion were included in the securities. The past few years, in 1837 and 1857 especially, bring to mind suspensions and failures, the result in part of unregulated bank expansions and contractions and a want of proper basis, often involving in ruin institutions and individuals of long standing and reputation.

In the State of Illinois alone the failures of banks numbered eighty-nine within the last two years, and their paper is reduced from one hundred per cent. to thirty-eight in some instances. The great loss resulting from these failures of course falls upon the people who loan to these banks to the amount of the notes they hold at the time of the failures. Of the $12,000,000 of bank circulation created by and in Illinois two or three years ago, the people have lost two or three millions directly, besides the indirect loss of as many millions more by derangement of business and ruin to private interests.

This system not being compulsory upon existing banks, it will not be regarded with the jealousy of a purely rival scheme, and an intelligent consideration of their own interests, the interests of the Government and the people, which, after all, are *one* interest, will lead them to modify any contemplated opposition; and, even if their individual profits and the present modes of business are somewhat injuriously affected, the same liberal and devoted patriotism in support of the public credit heretofore exhibited will insure their acquiescence in all public measures deemed necessary to preserve that credit.

It is generally known that the bank circulation of New York is based on pledge in part of State and United States securities. There are now on deposit for this purpose in the banking department of that State some $19,000,000 of State and $12,000,000 of United States Government securities. New York State stocks, from their known safety and partly from their use for

banking purposes, have long commanded considerable premiums above par. And it is urged by our bankers that one oppressive effect of this national scheme will be to subject them to depreciation and loss on their State securities, as existing banks may be obliged—by unequal competition, if not by taxation, or favor with the people to this uniform national currency—to abandon their present system, and organize under the one we propose. In my opinion all the banking institutions in the country would find it to their advantage to gradually work into this system, thus establishing one reliable, uniform currency; and while there is no intervention or compulsion to effect this, and State banks would make the change a matter of interest and convenience, of course those not of a reliable and solid character would be supplanted by this national system.

It can hardly be doubted, with these figures before us, that the banking interests of New York are largely concerned in the adoption of such a system as will save this vast national debt, in the form of stocks and bonds and treasury notes, from depreciation, and therefore from loss or ruin on the securities they hold, equaling almost their entire aggregate bank capital.

Many question this desirable result from adopting the Government scheme. They are not convinced that the three hundred millions or more of public stocks eventually required will be soon enough absorbed to make an early market for the securities and thus keep up their value. Let me again say that it is the assurance of a general national system—furnishing a sale for a portion of our public stocks, the interwoven interest of the people with the Government in the use, stability, and ownership of the currency—that gives value and stability to our entire amount of public stocks. We should create confidence resulting from the pledge of national faith and security, and the whole people would become immediately interested in sustaining the credit of the Government. Were the plan *now* inaugurated, with prospect of becoming the permanent currency system of the country, sagacious capitalists would at once invest in these securities, well relying on the safety of the investment and the steady market value and demand for them.

The Government bonds are certainly among the safest and most desirable obligations that can be obtained for the security both of currency and loans. If confidence is not to be placed in such securities, then it is difficult to conceive of any obligations which could insure it. The whole capital of the nation is pledged for their redemption; and the honor, welfare, and very life of the Republic rest upon their being kept inviolate. In-

deed, if it was possible for the Government to fail; if this fabric, erected by the wisdom and sacrifices of the fathers, is to perish, then, indeed, is not only "life, liberty, and the pursuit of happiness" a thing of the past, but property, in all its forms, and capital, invested in whatever security, unsafe and insecure. In the preservation of the Government rests the security of all property, and with its preservation, of which I have never for a moment had a doubt, the best class of securities are those which it is proposed to make the basis of this uniform national currency, and to which the confidence and faith of the people are invoked.

Considered in a financial and industrial point of view, our large expenditures and heavy national indebtedness may not after all prove so damaging or disastrous as many suppose. It certainly increases the activity and business of the nation. The destruction of the vast amount of property by the war is somewhat compensated by the increased energy, skill, and production of the people. The productions of industry and skill constitute largely a people's wealth, and the nation or people which have the greatest capacity and facilities for production, protected by reliable and uniform currency and finance systems, will eventually, with equal physical force and patriotic purpose, triumph over the other.

The destruction of Moscow excited the Russian people to an activity and energy that it had not before known, and what was lost by its destruction was regained by the incentive to active industry which was aroused. In our country the destruction of our vessels of war in the Norfolk navy yard gave place to thrice as many more in an incredibly short space of time. The timber standing in our forests, and the iron imbedded in the earth to-day, to-morrow are used in the construction of vessels of war, and next day ride proudly on the bosom of the sea, protecting our national rights and the integrity of our national cause.

The railroads, engines, and cars, the wagons, arms, clothing, subsistence, and all other supplies for our vast army, destroyed to-day, but quicken and increase the industry and skill of our people to replace them in a new and improved manner to-morrow; and when the season for seed time returns, notwithstanding the large drain of men for the service from agricultural as well as other pursuits, we find still more hands, or more skill and industry, seeking the plow and the other implements and appliances of husbandry. Moderate capital that was in slothful hands is now made active; and, even when peace, with its gentle influence, shall again return to our distracted country, these les-

sons and habits of increased industry and production, stimulated by the necessities of the period, will remain with the people, and aid in rapidly restoring the lost wealth, if they do not carry us in a few years beyond the point we should otherwise have attained.

On February 20 Stephen Baker [N. Y.] opposed the bill as unnecessary and as interfering with the State banks.

The management of our finances, by resorting only to temporary expedients, has been grossly and radically wrong. I believe from the very outbreak of the rebellion that our permanent securities could have been sold to a large amount, and that the necessity of such an enormous and profligate issue of treasury notes could have been obviated. At the beginning of the war I favored the issue of interest-bearing notes to keep them out of circulation; and I should have been extremely gratified by the organization of a permanent sinking fund for the ultimate redemption of our large and accumulating public debt.

Sir, I have a deep and abiding confidence in the speedy success of our arms, and that success will overcome all financial distress and all financial disarrangements; and that victories by sea and land will restore the credit of the Government to a high standard, so that its treasury may be amply replenished.

I believe, too, that with the success of the holy and righteous cause in which we are engaged of preserving the integrity of the Union and of restoring every part of this widespread land in complete obedience to the Constitution and laws of the country, we shall rapidly recuperate from that prostration which now overwhelms a large portion of the country, and quiet that discord which distracts the halls of Congress. I am firmly convinced, moreover, that, under an improved system of labor, the South will become as productive and prosperous as other portions of our country, and that, with redoubled energy, increased resources, and added wealth, we shall soon recover from all the disasters of this accursed rebellion and go on in a career of unmatched glory and renown.

Warren P. Noble [O.] opposed the bill on constitutional grounds.

In the first place, I do not believe it was ever intended by the framers of our Constitution to grant any such power to

Congress by that instrument. Let us examine and see how liberal and even strained must be the construction of its provisions in order to even claim that such was their intention. Here the speaker read the eighth section of the first article:

The Secretary of the Treasury, in advocating the adoption of the system, has found it difficult to decide just where the power to create a national banking system is to be found. He says that it is proposed as an auxiliary to the power to borrow money, as an agency of the power to collect and disburse taxes, and as an exercise of the power to regulate commerce, and of the power to regulate the value of coin. Thus it will be seen that he bases his claim of power upon four different and distinct clauses of the Constitution, separately and distinctly divided from each other.

How the system is to be or become auxiliary to the business of borrowing money on the credit of the Government, or the business of collecting taxes, it would, indeed, seem difficult to determine, and the Secretary has not seen proper to tell us. The Government may obtain money on loan from its own citizens, from banks, or from other Governments; and to the party who has money to loan the only questions are interest and security. Is the security satisfactory? And is it his interest to make the loan? Anything, then, that will enable the Government to give better or more satisfactory security and to pay better interest may be auxiliary to the business of borrowing money. On the subject of collecting and disbursing taxes it is difficult to see how this system can possibly have any beneficial connection whatever with the subject. There never has been any difficulty in disbursing money when the Government had it to disburse, even in its palmiest days of prosperity; and now, when it is deeply involved and every creditor will be anxious to receive his dues, there will be far less prospect of any difficulty in this respect. Collections are facilitated only by anything that will render the collector more prompt or the debtor more able and willing to pay; any other agency than this would seem to be superfluous. If it were possible by this agency to collect the taxes imposed by the late excise laws at less expense than is now incurred, then there might be some claim, but nothing of that kind is pretended.

The next two grounds on which the Secretary bases his claim of constitutionality seem to stand in about the same relation to the subject, namely, that it is an exercise of the power to *regulate* commerce and to regulate the value of coin. To regulate means to adjust or govern by certain uniform rules or restrictions; it does not mean to destroy or to create, but merely to govern by certain rules of law. To regulate commerce was never intended by the framers of the Constitution to carry with it or include the power to establish a paper-moneyed banking system merely because the currency created by such a system might thereafter be used in paying for the commodities that might be interchanged by such commerce. It seems to me that such a claim would be a little too far-fetched to be worthy of any very serious consideration.

To coin money and regulate the value thereof—of what? Of the coin thus made. Is it not strange that anyone should contend at this day that a paper currency could in any way affect the *real* value of coin? Yet this is one of the principal claims on which the constitutionality of this bill is based. Coin is, and ever must be, the standard of all *real value* the world over; and what our Constitution meant by giving the power to coin money was merely to fix by law the size, shape, quality of metal, weight, value, and devices that should characterize the different coins that might be authorized by the Government of the United States. This is a power that is possessed and exercised by all civilized nations; and when confined to its legitimate purpose is certainly a very necessary and salutary power, as without it there would most likely be no uniformity or fixed and certain value to the coin or currency of the country. Without it the different kinds of coin might be so numerous and so various in kinds and values as to render exchanges very troublesome and vexatious. But with its proper exercise, as, for instance, in the case of our own Government, by fixing the size, weight, quality of metal, and devices of the Federal dollar, both in gold and silver, and then by adjusting and measuring the value of all other coins by this, we have a system which renders exchanges easy and convenient.

These provisions of the Constitution, together with that other provision in section ten of the first article, by which it is provided "that no State shall coin money, emit bills of credit, or make anything but gold and silver coin a tender in payment of debts," satisfy me that it was never the intention of the framers of the Constitution to authorize anything to be made a legal tender in payment of debts, excepting only what I am pleased to denominate the good old constitutional currency of gold and silver. It would be strange, indeed, if it was the intention of the framers of the Constitution that the Federal Government should have the power to issue or authorize to be issued and put in circulation any other currency which might

be made a legal tender in payment of debts by it, and yet that it should restrict the States from allowing the same money which it might thus provide or authorize to be received as a legal tender. No one can be convinced for a moment that it was the intention that the Federal Government should have power to create a currency which the States should not have the right to give as much credit to as might be given to it by the Federal Government. The proposition is preposterous, and will not bear the test of reason. If this had been the intention of the framers of the Constitution, instead of providing that nothing but gold and silver should be made a legal tender in payment of debts, they would have provided that nothing but gold and silver coin and such other currency as might be authorized by law of Congress should be received in payment of debts.

If it were true, as some suppose, that in order that the Government should be able to make its great expenditures it must first have an amount of currency equal to the whole amount to be expended, it would require all the money of both America and Europe to carry on this war. This Government has already expended, since the war commenced, more than double the whole amount of all the circulation the whole nation and all its people possess, including all its gold and silver, bank bills, and treasury notes; and the present prospect is that this is not the half of what will be expended before the war closes. There never was a greater delusion than to suppose that because the Government expends large sums it must have money or currency to an equal amount. What the Government must have to carry on the war is means, capital, munitions of war, and supplies; and these it can only obtain by draft upon its citizens and their property. The capital and wealth of the nation is but a very small part of it in the shape of currency. Two hundred and fifty or two hundred and seventy-five million dollars, at most, would include every dollar of the gold and silver of the whole nation, while the last census shows the amount of individual wealth of the nation to be over sixteen thousand million dollars. The Government must be a self-sustaining institution. When its expenses are large it can only sustain itself by drawing more from its subjects in the shape of taxes, either direct or indirect. There is no other mode; this is its legitimate and only resort, unless it be to its credit, by contracting debts which must eventually be paid in the same way, by tax upon the citizen.

When the war commenced the currency of the country was all founded upon a specie basis; nothing but gold and silver could be made a legal tender in payment of debts. The banking

institutions of the several States received credit in proportion to the public confidence in their ability to pay specie *on demand* for all their issues. As long as this continued to be the scheme of our financial system, there could be no great danger of sudden and disastrous eruptions in the currency of the country. But as soon as the treasury note legal tender scheme was adopted, and a sudden increase or expansion of the amount of circulation accrued, what followed was inevitable—sudden and astonishing increase in the prices of goods; or it might be more properly styled sudden and astonishing depreciation of all the paper currency of the country, legal tender and all. It to-day requires $1.70 of this paper, backed by the Government with all its wealth, to buy a single dollar of gold. And, in common parlance, it is said gold has gone up; the truth is, paper has gone down, and is still going down.

Mr. Speaker, what is the effect this system is now having upon the country and its business? A single illustration may serve to throw some light upon the subject, and may not be improper. When our soldiers entered the field their wages were made by law thirteen dollars per month, under the then financial system. The supplies for their families might then be bought for about the following prices, namely: muslins, prints, checks, cotton cloths, and drillings, at from eight to twelve and a half cents per yard; now these same articles will cost them more than twice as high. Almost the same thing may be said in reference to boots, shoes, coffee, sugar, molasses, and almost everything in the shape of necessary supplies for their families. The average increase in price of all these things will not be less than the average depreciation in the value of paper money. That is, they will now pay no less than $1.70 for what would then have cost them one dollar. Yet it is often boastingly said that "the greenbacks came to help the soldier." He may well say, save me from such blessings; a few more such would render him bankrupt, and bring his wife and children, who are dependent upon his pay for support, to the brink of starvation. To make his monthly pay equal now to what it was when he entered the service, and prior to the adoption of the paper system, we should be compelled to add seventy per cent., or more, to his pay, which would make his monthly wages, instead of thirteen dollars, about twenty-two dollars and ten cents. And yet, in my humble judgment, the Government itself has lost more than it has gained by adopting this system.

Mr. Speaker, I object to converting our treasury building into a printing establishment, or making our Secretary a printer

to grind out paper money. I doubt not the integrity and honesty of the present Secretary; but we do not know who is to be his successor, and that they would not make use of such power for political or other purposes. Such things have occurred in the past, as in the case of the famous financier, Baron Brock, minister of finance of Austria, who committed suicide when his heavy forgeries were discovered; and in our own country there are names that have figured prominently in our public affairs to our national disgrace. But the greatest danger is among that class of employees who are subordinate to the Secretary, and necessarily must have control of these various departments in the manufacture of the notes, who, possessing no responsibility, and often of questionable character for strict integrity, have it in their power to purloin and overissue to any amount, thus causing the most serious disasters to the public and to the circulation of our national currency.

In regard to the economy which I have heard put forth as an argument in favor of this proposed money-making establishment, I can merely refer to the established fact that it costs our Government a great deal more to manufacture anything and everything for its own wants than to be supplied by private contracts; and I have good reason to believe that parties deeply interested in this enterprise are confident of realizing their dearest wishes by having the Government purse to support them, which does not present a very plausible evidence of economy, but is evidence that it would result more for the benefit of a few individuals than for the public good.

Mr. Speaker, it looks to me as if this was only another of the many schemes brought forward during the present Administration which have so abundantly opened the door to fraud and plunder upon our bleeding treasury, already amounting to many million dollars.

The bill was passed by a vote of 78 to 64. It was approved by President Lincoln on February 25, 1863.

CHAPTER XI

Extension of National Bank Charters [1882]

William W. Crapo [Mass.] Introduces in the House a Bill to Extend National Bank Charters—Debate: in Favor, Mr. Crapo, Roswell P. Flower [N. Y.], Benjamin Wilson [W. Va.], Augustus A. Hardenbergh [N. J.], William D. Kelley [Pa.], Waldo Hutchins [N. Y.], Abram S. Hewitt [N. Y.], Benjamin Butterworth [O.], George C. Hazelton [Wis.]; Opposed, Richard P. Bland [Mo.], Roger Q. Mills [Tex.], Thomas R. Cobb [Ind.], Samuel J. Randall [Pa.], Aylett H. Buckner [Mo.], Charles N. Brumm [Pa.], Joseph H. Burrows [Mo.]; Bill Is Passed by House and Senate, and Approved by President Arthur.

ON February 7, 1882, William W. Crapo [Rep.], of Massachusetts, introduced in the House, from the majority of the Committee on Banking and Currency, a bill "to enable national banking associations to extend their corporate existence."

National Banks

House of Representatives, April 17–May 17, 1882

The bill came up for discussion on April 17. Richard P. Bland [Dem.], of Missouri, gave notice that he had introduced a bill which he would like to be discussed in the same connection. This bill provided for retiring the circulation of the national banks and, on the expiration of their charters, continuing these banks as banks of discount and deposit.

Mr. Crapo supported his measure.

The indifference or possibly the ignorance of some gentlemen in reference to the financial or business interests of the country is to my mind simply amazing. There are to-day in operation fifty more national banks than there were six months

ago, and yet to-day the national bank note circulation is $1,400,000 less than it was six months ago. How far these figures are the result of a belief on the part of business men that Congress is indisposed to act upon this and kindred questions I shall not undertake to say. But they indicate the possibility of a contraction which the failure to act upon this bill will greatly increase.

I do not wish to be understood as asserting that if the bank charters are extended there will be no diminution of national bank circulation, because as that bank circulation becomes unprofitable the tendency is naturally for its withdrawal; but by the extension of the charters of the national banks it may be safely assumed that the withdrawal will be less rapid, less extensive, and less serious. The consideration of this bill brings up all the questions which the friends or opponents of the measure may desire to present, and enables a vote to be obtained upon all propositions designed to substitute treasury notes for national bank bills. Let us by action upon the bill inform the business men of the country what they may expect, and give them the opportunity to prepare for the situation.

Mr. Crapo yielded time successively to Roswell P. Flower [N. Y.], Benjamin Wilson [W. Va.], and Augustus A. Hardenbergh [W. Va.], Democrats, who supported the bill.

Mr. Flower.—The financial policy of the Government touches every home throughout the length and breadth of this Union. The slightest discussion of it is felt everywhere. As long as it is before us there is no confidence nor business enterprise; no investments are made; employment of labor ceases, and widespread distress ensues. We have again and again had instances of the same thing.

The contemplation of a resumption of specie payment from 1875 to 1879 reduced us almost to beggary. The settlement of the question restored confidence and led to our present prosperity. The refusal of the House last Monday to consider this matter has caused a large amount of money to be withdrawn from trade already. What the discussion of the banking system must bring is further uncertainty and a decrease of prosperity, and the longer it is put off the greater will be our distress. The banks can under the present law liquidate, divide their surplus, change their names, put greenbacks into the treasury to the amount of their outstanding notes, draw new notes, and go on as before. The consequence of such action is contraction of the currency and disturbance to business. No one can estimate the distress which will be occasioned, but everyone will feel as though there were disturbing forces at work forbidding him to increase his business and compelling him to proceed with caution. No one can tell how he will be affected, but everyone will regard with dismay the approach of each successive charter expiration and will fear and tremble at the mention of the 25th of February next, when two hundred and ninety-seven bank charters expire and fifty-three million greenbacks will be placed in the treasury for the redemption of their notes, or thirty-five millions more than the banks foolishly withdrew in 1881.

Business men are always sorry when Congress assembles and pleased when it adjourns. I sincerely trust that in this case at least they will not have cause to say the House has neglected their interests.

Mr. Wilson and Mr. Hardenbergh spoke in like tenor.

At the conclusion of Mr. Hardenbergh's speech Roger Q. Mills [Tex.] congratulated Mr. Crapo on "the splendid strategy he has displayed in getting the Republican heresy advocated by Democrats."

Thomas R. Cobb [Dem.], of Indiana, opposed the bill.

This proposition was substantially presented to the House two weeks ago and was then voted down. But the bankers have thrust it upon us again to consume the time of the House as against other important matters of legislation. This organized system of capital has ever since I have been a member of this House constantly been thrusting itself in here to control legislation for its benefit to the injury of the country. This morning we see its hand again. It was said when this question was up before that the national banking system was a Democratic measure. I deny it. I assert that it is opposed to the teachings of Democracy. There were scarcely half a dozen Democrats in Congress who voted for the present national bank law when it was passed.

It is said by the friends of the banks that if the bill pending in the House is not passed the banks will go into liquidation, and that in consequence the business interests of the country will be shocked and untold ruin will befall the country. This is done to alarm the House. It is not the first time we have heard the bankers sound the alarm on this floor. They did it when the

bill to remonetize silver and the bill to stop the contraction of the greenbacks were pending in this House. They then predicted ruin to the country if these bills passed. They passed, however, and the country was blessed instead of being injured. But why this attempted alarm? The banks can reorganize under the law as now existing. There are but few, comparatively, of these banks whose charters expire before the 1st of December next; not enough of them to shock the financial interests of the country. Congress meets then, and can take action if necessary.

We are required to take this bill as prepared by the hands of the bankers without amendment, or we must defeat it. For one, I will never vote for the extension of the bank charters. I surely never will unless we are allowed to throw what I conceive to be necessary safeguards around the system. This system of banking is not satisfactory to the people. The agricultural, mechanical, and laboring classes are opposed to it. The great Northwest and South are opposed to it. But the capitalists of the East are in favor of it, and they will force the question on this House to the exclusion of all other business, however important that may be to the country.

SAMUEL J. RANDALL [Pa.].—The circulation of the national banks is based upon the debt of the United States, and as long as that debt exists that circulation can be maintained. It is proposed, however, that treasury notes shall be issued in lieu of such circulation. We cannot give to the treasury notes any other quality than that they shall be received by the Government in payment of public debts. It will hardly be contended that we can give to the treasury notes the quality of legal tender for the payment of all debts. Now, with all the advantages that pertain to the national bank circulation, there are gross abuses existing in connection therewith, and, if we are to be denied the opportunity of correcting those abuses, we must in self-defence resist the effort to continue these corporations in existence, so as to bring the national banks to their senses.

Owing to Democratic opposition consideration of the bill was postponed. It came up again on May 1.

Aylett H. Buckner [Dem.], of Missouri, of the minority of the Committee on Banking and Currency, opposed the bill.

I believe, sir, that this bill, if passed, will turn out to be a delusion and a cheat. The difficulty with the national banks is

not that their charters are expiring, but it grows out of the fact that the debt upon which their circulation is based is bound to be paid at the rate of $100,000,000 a year for the next four years at least. Already the banks have decreased their circulation in the neighborhood of $1,000,000 since the 1st of January last, owing to the fact that the 3½ per cent. bonds held by the banks are being called in.

I say that the duty of this Congress to the country, and even to the banks, is, if possible, to find some constituent in place of the foundation being undermined by this determination of the people to pay these 3½ per cents. That is what they need, and not this legislation, or anything like it; for, sir, it will delude the people into the idea that everything is going on smoothly when there is danger and great danger ahead of us from the rapid contraction which will necessarily follow from the payment of this portion of the public debt.

WILLIAM D. KELLEY [Pa.].—Would not a reduction of the revenues of the Government to such an extent as to check the unwholesome rapidity with which our bonds are being called in leave a basis for the banks?

MR. BUCKNER.—Unquestionably it would. But there is no more universal sentiment existing in this country than the determination of the people of the United States to pay off the national debt, without reference to the banks or anything else, as rapidly as the condition of the country will permit. [Applause.]

WALDO HUTCHINS [N. Y.].—The gentleman from Missouri [Mr. Buckner] and the other gentleman from Missouri [Mr. Bland] do not propose to give up the national banking system, but only desire to have a change from the national banking currency to the treasury notes of the Government. That question, however, should stand by itself, and we ought to reserve our opinion as to the best mode of reaching a desirable solution of it, for the present considering one thing at a time. My friend from Missouri says it is unnecessary to take action now. I want to say to him that in my opinion the action taken by the House heretofore renders it necessary that we should take action, and favorable action, without delay.

As every gentleman knows who has ever had anything to do with banking and currency, there is nothing so timid as capital. The business men of the country do not understand the situation of this matter; but there is an impression among them in the State of Missouri, as well as in the State of New York, that there is something wrong, and unless action is taken to provide for the extension of bank charters about expiring there will be trouble

in the money market. And therefore the wheels of finance are being stopped. Men who were intending to go into operations that called for the expenditure of large sums of money have countermanded the order, waiting to see the action of this House, and there is not a gentleman here who, if he were called upon to enter into a new enterprise involving the expenditure of a large sum of money, not even my friend from Missouri [Mr. Buckner] but would refuse to enter into it till this question was settled.

I am sure this Congress has the ability, the sense, and the patriotism to arrive at last at a conclusion that will bring continued peace and prosperity to our whole country. [Applause.]

MR. HARDENBERGH.—If this were a question to-day before the House as to whether the national banking system should be created anew or not, then some of us might understand how to vote. But the national banking system goes on, because your banks can reorganize in a very day, and perpetuate their existence for twenty years. Therefore, by no discussion that you give to this bill, nor by any action of yours do you restrict its provisions or prevent the operations of the system throughout the country.

What, then, is the question before us? What is the difference between the two methods—the reorganization and the extension of the charters? The question is whether those banks shall liquidate or whether their existence shall be continued by your action upon this bill. If you force them to liquidate, you produce a contraction of over sixty millions of money that must be called away from the industrial interests of the country, and that just as we are going on conquering and to conquer in all our industrial pursuits.

The bank of which I am president has a capital of $250,000, a surplus of $225,000, loans out to the extent of $1,000,000 on call and on time. Now, if you refuse to-day, or before this Congress adjourns, to say the charter of that bank shall be extended it must immediately contract to recover the $225,000 of surplus to pay the stockholders. You force my bank into liquidation. Any five men can come forward and write their names for $50,000 each, and you have as perfect a monopoly as ever existed.

ROGER Q. MILLS [Tex.].—Will your bank have to go into liquidation unless this bill is passed?

MR. HARDENBERGH.—Certainly it will.

MR. MILLS.—Then I make the point of order that the gentleman cannot vote on this bill.

MR. HARDENBERGH.—I have this to say to the gentleman from

Texas [Mr. Mills]: if he thinks that the ownership of a thousand dollars of stock in the bank in which I happen to be president will control my action here he little understands me or the constituency I represent.

On May 16 Abram S. Hewitt [N. Y.] supported the bill.

As we are to have banks, the only question is whether they shall be national banks or State banks. We have tried the State banks. They were a failure. No one who has studied the history of the past would consent on any terms whatever to go back to the State banking system even when the most perfect, as in the State of New York, where we had the safety-fund system, which provided absolute security for the circulation.

Now, if we would not go back to the State banks and must have banks, we are driven to the conclusion they must be national banks. In regard to these national banks I think there is no controversy at this day except on one point. Even my friend from Missouri [Mr. Bland] in the substitute he has offered recognizes the propriety of their continuance as banks of discount and deposit. It is only, therefore, on the question of circulation that there is any criticism to be made upon the banks. Now, the circulating medium is in finance what the life-blood is to the human body. We must keep it in the best possible condition or disease is sure to occur and ruin and death, industrial death, to follow.

The system which we have is a national one. The currency is entirely supplied by the Government. It is at par everywhere, and no doubt exists in the mind of any human being, when he gets one of these bills, whether it be a Government note or a national bank note, that he can get for it in coin one hundred cents on the dollar.

I recognize facts as I find them. I would never by vote or act authorize or contribute to the issue of these legal-tender notes. I should be very glad if they could be retired. I do not think that this Government was created for the purpose of supplying circulation; on the contrary, I think the fathers and founders of the Constitution intended to prohibit the exercise of any such power.

I agree with Hamilton, whose superior as a financier has never lived, when he says, "to emit an unfounded paper as the sign of value ought not to continue a formal part of the Constitution, nor ever hereafter to be employed; being in its

nature pregnant with abuses, and liable to be made the engine of imposition and fraud; holding out temptations equally pernicious to the integrity of government and to the morals of the people." (Hamilton's Works, II, 271.)

But we have Government paper money, and it now works well in practice. I know that principle is a good thing, but when you have a condition of things which works well it is dangerous to disturb it.

I am willing, no matter what the coming decision of the Supreme Court may be as to the legal-tender clause, that the $346,000,000 of Government notes now outstanding shall remain as a currency for the country until some better and more economical system shall be devised by the experience, not of Congress, but of men engaged in business.

How is the balance of the circulating medium provided? I assume that the $346,000,000 of Government notes will never come in for redemption. The balance is now provided by the national banks. The amount which the public receives fluctuates from day to day.

Now, somebody must provide for the redemption of these notes, and for their issue in accordance with the demands of business. Any banking system to be good, or, I should rather say, any circulating medium to be good, must have two elements. First, it must be surely redeemable in coin on demand; and, secondly, it must be issued daily in amounts sufficient to meet the legitimate requirements of business. That is precisely the condition we have now. The banks are ready, with adequate security, to wit, the security of the Government debt, to redeem every note that is presented. And, secondly, they are in condition, either out of the reserves which they have on hand, or out of the new bills which they can get for the deposit of additional Government bonds, to provide for whatever amount of currency the requirements of business may make necessary. And it is not conceivable that so far as business is concerned there should be a better state of things than this.

But I am met by the statement that this circulation is a source of profit; that the creation of circulation is a sovereign right, and that the profit belongs to the State, to the Government, to the people. Therefore if there be any profit in this circulation it ought to be taken by the Government, and the banks are not entitled to any of it.

Now, if the Government assumes this duty, if it has any such right, which I deny, if it assumes to itself this duty it must also assume the duty of redemption and of the expansion and contraction of the currency to meet the fluctuating demands of business. Now, I think I speak only the lesson of history when I say that redemption depending upon congressional action would be a delusion and a snare.

I think I may go further and say that not only would there be no certainty of redemption, but it is absolutely certain that there would come a time when in the absence of congressional action, or by congressional action, redemption would be made impossible. Therefore the first element of a sound circulation is absent, that is, if made dependent upon action of Congress.

Secondly, it would be impossible for Congress by any earthly contrivance to meet the demands which are made daily for a change in the amounts of the currency. We are not always in session; and when we are in session gentlemen about me know how exceedingly difficult it is to secure action upon any question, and much more upon questions so much in doubt and controversy as the currency question is. Therefore there could be no automatic action of expansion and contraction in the currency (which is the fundamental element in a good circulating medium) by the legislation of this body.

I shall be told that it would be possible to relieve Congress of this duty, and transfer it to a board who should decide from day to day, and from week to week, how the currency should be issued, and the methods by which it should be got into circulation. My answer to that is that we have had during the refunding operations and since the war an experience of the dangers of confiding power over the currency to public officers, however capable and however honest. The fact is that to put the control of the currency into individual hands is to put the whole property of the country at the mercy of the men who control the currency. The power is too great not only for human knowledge, but for human character. It is impossible to find any one man, or any half dozen men, who can comprehend the wants and business interests of a country like ours; and it is impossible to find men who can separate themselves absolutely from the interests which they themselves may hold, or which may be represented by their faith.

I have no personal knowledge of the alleged scandals in regard to refunding; I do not propose here to make any charges; but this I say, it is notorious that in the refunding operation particular banks, representing particular individuals, had practically a monopoly of that vast transaction, and that one bank in my own State cleared its capital stock five times over in the course of the refunding operations in two years.

That may have been all legitimate. The refunding operation was the grandest financial operation that has ever been made in the history of man.

But, sir, for one, I do not want what little I have laboriously gotten together to be placed at the mercy of any man. I should like to be able to manage my own property, and to keep or give in my own way what I have accumulated. I do not want a *deus ex machina* to administer the business of this country. There could be but one result of such a system, utter and absolute ruin. I therefore dismiss as impracticable the idea that any board composed of men can undertake this task which is beyond the reach of human capacity.

I come back to the fact that currency we must have, and that this currency will not be issued unless it be made profitable to the parties who issue it. Banks are not benevolent institutions. They are not governmental agencies except in a very narrow sense. They are organizations of men with capital for the purpose of carrying on a business which is not only lawful, but absolutely necessary to the community. They are not going to conduct this business without profit; it ought not to be asked of them. But, if the profits should ever become excessive, the taxing power resides in Congress. There is no difficulty at all in regulating the business and taking to the Government as we now do such portions of these profits as Congress may think belong legitimately to the treasury.

But more than that; when a business is free, and when there is no monopoly at all, excessive profits cannot long endure. Only show me that a bank is able to make more than I can make in my iron business. I should take my capital out of the iron business and put it in banks. There is no possibility that the profits of these institutions can for any considerable period of time, except in very abnormal circumstances, exceed those of legitimate business in other directions. The fact is that these banks, while they have been highly profitable at times, made their money very largely out of the refunding operation. That operation is done and ended; it will not be renewed in our day. On the contrary we should pay off the existing national debt, and, as I hope, never in our time should we have occasion to create another.

So that on the question of what the profits of these banks may be, it seems to me it must be conceded that as we must have agencies, and the banks are acceptable agencies to the business of the country, and as we can regulate their profits by law, and as they are still better regulated by free competition, nobody

who is willing to get rid of his prejudices can make any fair criticism against the continuance of the present national banking system.

Now, we have been told that, while the circulation of the national banks is at present adequately secured, there will very shortly come a time when Government bonds will be retired, and there will be no such security for this circulation.

What, then, are we to do in regard to the circulation of the country? There my friend from Missouri comes in and says give us treasury notes in lieu of it. I have shown you, I think, conclusively that treasury notes would not answer the valid purposes of money. The banks that will close up their business unless they take out new charters under the operation of existing law will in the present year withdraw a very considerable amount of money.

The reason is that owing to the low rate of money all over the world it will not pay the banks to purchase such Government bonds as they can buy to replace the called bonds, and the result is they will take their money and retire the circulation.

A remedy was suggested by my colleague [Mr. Flower] which is the prompt passage of a refunding bill, so that these bonds may be replaced by the new 3 per cent. bonds which will be created by that refunding bill.

And I want to say to gentlemen on the other side of the House that the responsibility, the onus, in this business is on them. This side of the House in the last Congress, of which I had not the honor to be a member, did pass a refunding bill, which was vetoed. If the Republicans fail to make it possible for the banks to replace the bonds which will be withdrawn, followed by a withdrawal of circulation, then there will be a tide of indignation sweeping over this country which will carry their majority away, and put some other party in power which is ready to meet the necessities of the adverse condition in which the country will find itself.

Now, by extending these charters we actually give no new rights to the banks. They may reorganize and are organizing all the time under the bank act, taking out new charters for twenty years. I would prefer to allow them to run on; first, to avoid the expense of reorganization, and, secondly, to avoid the inconvenience of winding up their affairs and starting again; but more particularly to avoid the distribution of $128,000,000 of surplus profits which they hold on hand and which is the basis of business in this country to the extent at least of $1,000,000,000 per annum.

I will make some suggestions as to what kind of a currency might be substituted when the stock of Government bonds shall be sensibly diminished. I would still continue to require that $50,000 of the capital of each of the national banks should be invested in Government bonds, and this for reasons which will be obvious to every gentleman present.

I propose that the national banking system under the law as it now stands shall not be changed in any respect whatever except one. I would do all that as is done at present under the law, but I would no longer compel the banks to deposit Government bonds for the amount of the circulation issued to them.

What security would I substitute?

I would deliver to banks 90 per cent. in circulating notes on the amount of their capital. I would make the notes of the bank a first lien on the assets of the bank. Secondly, I would make the stockholders, as they now are, personally liable for 100 per cent. in addition to the capital of the bank, and make the notes of the bank a first lien upon this amount. Now, I have at least under this arrangement 200 per cent. behind the notes. Thirdly, I would compel the banks to put a redemption fund of 10 per cent. in coin into the hands of the Treasurer of the United States. Taking the present capital of the banks, $360,000,000, that would put $36,000,000 of coin as a redemption fund in the hands of the Treasurer. Lastly, I would make the banks as a whole guarantee the circulation of each individual bank.

Now, let us see what will happen. A bank breaks; its note is redeemable at the treasury of the United States in coin without a moment's delay. Next, I would recoup the amount paid out for redemption of these notes by immediate assessment on the banks and require them to make it good, and when the bank is wound up and the lien for circulation is collected I would refund the money to the banks for the assessment they might have paid.

I submit to this House whether it is conceivable that a circulation secured in that way would be irredeemable, or that there would be a particle of doubt about it from one end of the land to the other. But while it is so absolutely secure as to be bomb-proof and fire-proof it imposes no harder condition on the banks than does the present law, which requires the stockholders to be personally liable for an amount equal to the capital stock held by each.

Benjamin Butterworth [O.] supported the bill.

I would pay the greenbacks as we are pledged to do, and dissociate the Government from all banking operations, and remit the issuing of paper to the national banks, under charters so restricted, so limited, as to impose individual liability; and with the certain result that bad faith, corrupt management, reckless issue should entail the first and most disastrous calamity to the banks and bankers.

It is strange that there is no end to the folly that constantly repeats itself in shouting about the outrage of permitting the national banks to deposit one hundred thousand dollars in bonds and draw out ninety thousand dollars of what certain very clever but thoughtless persons insist on calling money. National bank notes represent credit. The national banker wants to loan the credit of the bank to such as may desire to utilize it in their business or pursuits. To facilitate this enterprise, and for the convenience of the bank and the borrower, certain printed evidences of credit known as bank notes are provided by the Government at the cost of the bank, and the bank is permitted, under certain restrictions, to loan these credit notes. The Government, however, for the protection of those who borrow those notes and those into whose hands they may come, says to the bank, "Before you can issue these notes of credit you must secure the noteholders against loss; you must deposit with the Government United States bonds to secure the redemption and payment of the notes"; not to secure their exchange for other notes or paper, but their payment, and payment means the delivery of gold or silver.

The Government does not give to the banker a cent of money, not a farthing. If it did deliver money to the banks there would be no need of providing for its redemption. Who ever heard of redeeming gold dollars or silver dollars? So, when gentlemen talk about depositing bonds with the Secretary of the Treasury and receiving so much money, they simply confuse and mislead and positively misstate the fact, through ignorance in many cases, and in a spirit of demagogy in other cases.

The whole system is simply a means of loaning credit to those who desire to borrow. Business demands such convenience, and the Government regulates its utilization so as to be most advantageous and safest to the borrower and holder of the legal evidence of the credit so loaned.

The statement that the Government or that the people are thus compelled to pay double interest, etc., and suffer hardships unnecessarily, is amusing, or would be if it was not pronounced with such seriousness as to befog and mislead. Will gentlemen

devise some scheme, or suggest one, by which those who borrow money or credit will not have to pay interest? If they borrow gold they must pay interest. If they borrow greenbacks they must pay interest. The Government does not distribute treasury notes gratuitously nor loan without interest. The bonds would bear interest even if not deposited to secure the redemption of bank circulation.

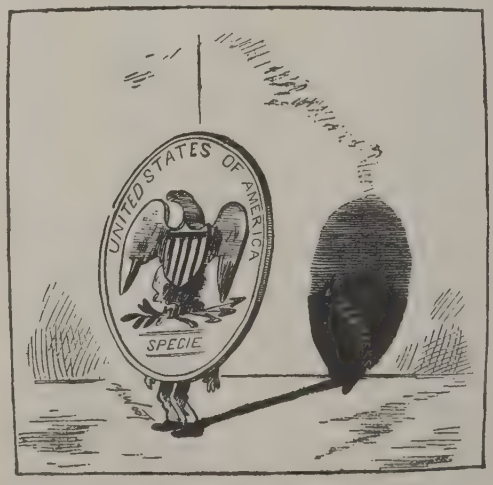
Touching the proposition that the bonds should be paid in greenbacks, it is needless to discuss it. Those who deem it honest to make such payment, regardless of the value of the greenbacks, are laboring with a difficulty which has its seat in their moral nature; logic will not reach it.

Those who think it is consonant with the spirit of the contract contained in the bond to compel the surrender of that interest-bearing bond which on its face provides for payment in money, and the acceptance in payment thereof of a large number of non-interest-bearing promissory notes, have a moral and intellectual make-up which is, I am glad to say, exceptional in this country. The Government was in the throes of dissolution. She had issued her non-interest-bearing promissory notes, and our people had taken them. Great uncertainty existed as to whether she ever would or could redeem these promissory notes. They had ceased to be worth more than fifty cents on the dollar. The Government offered to take them up and issue time-interest-bearing bonds to such as would take them. Many patriotic citizens took them. Now some gentlemen solemnly propose that, the country being now out of danger, these men who accepted the bonds shall be called up and told that the Government is ready and willing to rescind the bargain, and in fact insists on taking up its interest-bearing bond and restoring the non-interest-bearing promissory notes; and not only that, but insists on calling it payment.

In an individual this would be plain swindling. In my judgment it would in the Government be something worse. Of course if the holder of our promises to pay, or whatever they may be called, are willing to take other paper which is par, there can be no objection. But until this Government is fouled with dishonor and debased beyond recovery we will not adopt a system of paying which does not in fact discharge the debt. Bankers do best and flourish most when trade and commerce are in their normal condition, when the law of supply and healthful demand regulate our manufacturing and producing industries. They find their prosperity in the general prosperity. Their reserves should be in coin. No paper partition of greenbacks should be

permitted between the note holder and the coin dollar it represents.

But what will become of your national banks when the national debt is paid? Well, I am not of opinion that as much good to ourselves or to posterity will result from the hurried ex-



SUBSTANCE AND SHADOW
Cartoon by M. Woolf

tinguishment of the national debt as from its utilization to secure the redemption of our circulating paper currency. I would make it when reduced to, say, twelve hundred millions the security for our circulation, and also the basis of a postal-saving system, which would afford our people the means of safely investing their earnings and preparing a fund against age and the rainy day which comes to us all. As to the interest on the bonds, we collect the full amount from the banks in taxes imposed by the United States and by State and local taxation.

There may be a better system than the national bank system. But nobody to this hour has pointed it out. When it is presented we will make haste to adopt it. Time and experience have demonstrated that the old State and wild-cat system could only be restored with a view to rob the laborers and producers of the country. If the world's experience teaches anything, it is that the issue of paper money by the Government, in the discretion of Congress, would entail like disaster. No nation ever failed to abuse that power when once conceded to it. No nation ever redeemed its notes so issued. Ours has not to this hour, and I predict that it never will.

The idea of leaving the volume of the currency to be regulated by the wants of trade and the discretion of Congress excites alternately laughter and disgust. The very time Congress should stand firm and resist the panicky clamor for larger volume of currency it would bend like a reed. Congress wants to be right, but there is one thing that it wants still more, and that is to be popular. It wants to protect the best interest of the people, but it must have their votes; and it unfortunately occurs that that which is wisest and best is not always most popular at the time when action is to be had, and it occurs that we sometimes please the people least when we serve them best, and *vice versa*. Can you not trust the people, questions some Solon? Yes, certainly. So our fathers did, but they none the less provided a Constitution to prevent them from governing themselves too much under sudden impulse, under stress of adverse circumstances, when prejudice, passion, and excitement clouded or unhorsed the judgment—a Constitution to restrain us in hours of peril until wise and intelligent judgment could assert its sway.

We have few systems, few institutions on this earth that are unmixed good—few that are unmixed evils. National banks are not an exception. I am told that in urging the observance of good faith on the part of the Government in the payment of the greenbacks and the bonds, and the restriction of the volume of our paper currency, I am digging my political grave. So be it. If to insist upon preserving the national honor and maintaining the national faith is to be buried, so be it. I shall have some consolation in remembering that there is a resurrection for the just. If for insisting that the man who labors shall not be robbed by being paid in dishonest money; if for insisting that the wage man's dollar shall be worth a hundred cents throughout the year and everywhere; if for insisting that we shall not have under the influence of an inflated currency a few

years of fatness, followed by a longer term of leanness and hunger; if to insist that our prosperity shall be real and not imaginary is to compass my political death, I will accept the reward of my stewardship with calmness and satisfaction. I would rather be retired by my people with the consciousness of having served them faithfully and been right than to be promoted by them amid acclamations of applause burdened with the knowledge that I had, to secure their favor, betrayed their interests.

I am asked if I would perpetuate the national debt; if I deem it a national blessing. I answer: A national debt is in a sense a burden. It may be so utilized as to become a blessing. I can readily see that if it was the basis and security of a wise postal-saving system, by which the mechanics, the artisans, the laborers, and such of the producing classes as would could find absolute security for the investment of their earnings, thus encouraging industry, sobriety, and economy among all classes, the debt, being transferred to this class, would prove indeed a blessing.

It would not only encourage the cultivation of the virtues to which I have referred, but it would induce all these people to feel and take a watchful and intelligent interest in their government; to study carefully its proper functions and labor to see that it is confined to them. They would be prompted by principle and interest alike to shield and protect the public faith and credit in the preservation of which each depositor would find his hope and safety. It is a question of the greatest good, and rather than return to the old scheme of organized plunder of the ante-war period, which robbed the toilers of this country every day in the year, I would without hesitation fund the bonds at 3 per cent., after the manner of the English consols, and make them the security of the noteholders of the country and the basis of the postal-saving system; the good resulting from such a course being so far paramount to any ill or inconvenience it would entail as not only to be defensible but to render it greatly to be desired.

The charge that I am for the bankers and gold bugs is one that a very moderate ability can make. Those who have such words on their tongues may not be malicious. Their trouble is usually congenital.

I have never eaten food that I have not earned in the sweat of my face.

I have three boys whose lines will not fall in more auspicious places. They, too, must eat their bread in the sweat of their

faces. And in advocating a sound currency, and a just financial system and the preservation of the national faith and credit, I only desire to preserve to them the equal opportunity to labor with their fellows and that they shall be paid for that labor with dollars that are worth one hundred cents, with money the value of which does not depend upon the whim or caprice of a Congress or the fidelity of bank directors or conditions of war or peace, which shall be worth one hundred cents every day in the year and everywhere.

Charles N. Brumm [Pa.], a "Greenbacker," on the committee, opposed the bill.

Mr. Speaker, we live in a remarkable period, one in which there have been greater advances in arts and sciences, greater social, intellectual, and moral development than in any previous age. We are living in an age that has reduced time and space, brought mankind together from the remotest regions of the earth, and utilized and subordinated the elements to the use of man, thus enabling us to increase our productions and ease our burdens a hundred to a thousand fold.

We have advanced and progressed in everything except finance, *i. e.*, we have multiplied our commodities or resources a thousandfold, but have not advanced the system of distributing or interchanging these commodities or resources one jot. We are still adhering to the barbarous system of barter, namely, intrinsic value for value, varied only by a postponement of the delivery of the intrinsic value commodity by a promise to pay or deliver that commodity in future, and this promise made by individuals or corporations the creatures of the Government, instead of reserving to the sovereign the exercise and use of one of its most vital functions, and by controlling the currency or the circulating medium to exert practically a control of the interchange of every commodity that man creates or can utilize. We thus give to individuals the exercise of that sovereign power of government which enables them to control everything that money can buy. To this great question the tariff, transportation, and wages are but incidents, monopolies are subordinate, the social problem contingent, and the moral and intelligent status dependent.

In discussing this question I propose not only to separate bank functions from the Government, as suggested by my friend from Ohio [Mr. Butterworth], but also to separate all Government functions from banks. What does this bill contemplate?

I contend that it contemplates the continuation of the issuing function of the banks, the discount function, the deposit function, and the function of exchange and transmission of money.

There is no war at present upon any of these three functions, but simply upon the issuing of money. This is not a banking function; it is a right that belongs exclusively to the sovereign power of a government.

I say here frankly that the national banking system is the best banking system of any we have ever had, and while I say this I also say that the worst system we have ever had was the wild-cat State banking system.

Now, sir, the great trouble in the discussion of this question has been that gentlemen who urge the continuance of the issuing function of the national banks measure all their advantages and virtues by their comparison with the old rotten State banks. I say that is unfair. No man on this side of the House, that I know of at least, is in favor of the old State banking system. We only oppose at this time, so far as I know, the national banks in their issuing functions.

Now, to consider this question intelligently it becomes necessary for us to ask ourselves, first, what is money? I contend, sir, that money is a creature of law created only as a medium to facilitate the interchange of commodities, and therefore should not be a commodity itself, but only a representative of the value of commodities.

But to do this it must have one essential function or attribute, which can only be imparted to it by the highest power known to man, namely, the sovereign power of the nation; and that is the function of legal tender for the payment of all debts.

And this does not conflict with the rights of States to control contracts between individuals, as suggested by my colleague on the committee from Missouri [Mr. Buckner] for a legal tender, or the power of a legal tender, is simply this: when John owes money to Jake and John makes him a tender of that which the Government has said is a legal tender and Jake refuses to take it, then Jake cannot go into the courts established by authority of law and say that the State must take hold of John and put its hands into his pocket or levy upon his goods and take from him that which will pay the debt in kind. But if I make a contract to barter, trade, or swap one commodity for another, then the interchange must be made in kind; *e. g.*, if I agree to furnish labor for potatoes, when my labor is performed the legal-tender act will not prohibit the man who is to pay me for my labor from making a tender to me in the potatoes agreed upon.

The legal-tender act has nothing to do with it. It is only when I agree to do a certain thing or to sell a certain commodity for money that then I must carry out that contract in good faith, so that, when that money which the Government has established in its sovereign capacity is tendered, then I must either accept that money, or that tender will be a good plea in bar. That is the whole sum and substance of legal tender and its effect.

Gentlemen tell us that we must have money which will pass current in England and the rest of the world. I ask any man here to show me or tell me if he has ever seen the money of the world, whether he has ever seen or ever heard of money that will pass current and is a tender anywhere except within the jurisdiction of the sovereign that has issued it, be he prince, potentate, or fifty million freemen. There is no money of the world. Whenever you go within the border of England or any other nation you settle your balances there, not with money, even if it is your legal-tender eagle or dollar, whether gold or silver. They will not count them; they weigh them. They but take the faith of the Government from the stamp on it, as to its fineness, and in that way they will make their calculation and receive it, not as money, but as commodity, merchandise, or bullion.

Gold is not money; neither is money gold. Money is only that which is so created by law, whether made of gold, silver, nickel, copper, brass, iron, or paper. Gentlemen have a great deal to say about fiat money. Now, I ask you in all sincerity, and I want gentlemen to answer the question if they can, did any of you ever see a dollar of money that was not fiat money? I pause for a reply; and I challenge you to show me a dollar of money that is not fiat money. I care not whether it be made of gold or silver or nickel or copper, or whether it be made of paper. Why, sir, you may take your subsidiary coin, and how much of that has intrinsic value, and how much is fiat? Take the Bland dollar, which is worth in the market some twenty cents more than the trade dollar. One is a legal-tender dollar, while the other has a superabundance of commodity, but no legal tender; and yet it is worth twenty cents less. Take your copper and nickel coin; it does not contain near the commodity value of gold or silver, and yet to the extent that it is legal tender it will buy as much as any other money, and always serves the purpose contemplated within the jurisdiction of the government that utters it. What are your bank bills? Are they money? No. Take the act that has created them, take the bill itself and read it, and you will find that they are promises to pay money, and not money at all. When gentlemen talk

about Continental paper money, French *assignats*, and Confederate scrip as repudiated and worthless money, they talk of that which never existed. There never was Continental paper money; there never was Confederate paper money. They were mere promises to pay money. The French *assignats* were never money; they were mere promises to pay land.

Gentlemen talk also of the standard of value; and my friend from Ohio who has just taken his seat said he wanted a standard of value, and that the standard of value he wanted shall be gold or silver, or both, because the value is there in the commodity before it is uttered; and also that that value was based or depended upon the amount of labor or the cost of production. I deny the whole proposition. The cost of labor and the cost of production have nothing to do with the value of any commodity. The question of value rests exclusively upon the matter of supply and demand.

Take an acre of ground on Broadway, New York; cost nothing to create; it's worth millions. Take an acre on a mountain top; cost the same; worth nothing. Build an ocean steamer on the mountain top; it costs more money and labor than to build it at the shipyard, yet it is worthless. Build it where there is a demand or use for it, and it is worth millions. All the gold on the ship was not worth as much to Robinson Crusoe as a needle. There was no demand for gold; there was use for a needle. Therefore, what nonsense it is for any gentleman to attempt to establish the proposition that you can fix a standard of value. The value of all things depends exclusively upon their usefulness. Take it upon your own proposition. Even if the value depends upon the price of production there can be no standard, for the price of production will depend upon the demand and supply. Value is ever shifting. It has no permanence. Specific gravity, distance, bulk, etc., can be fixed, but values are as shifting as the winds, and have no maximum nor minimum.

When, therefore, gentlemen talk of the standard of value they talk of that which cannot exist and which never existed. You may have a unit by which you may measure values, and that is the closest you can possibly come to it; and when you adopt that unit you may make it a dollar, or you may call it a pound, or you may call it a franc, or whatever you will, but it is still the unit established by the Government, and by that unit men may measure the value relatively of one article with another, and that is all the use there is in money so far as the question of value is concerned.

The question of supply and demand as to money is a question of judgment. There is no standard for that. There is nothing that you can fix it by. I contend that the best scale by which you can ascertain it is the price of money, namely, interest.

Money, if you allow the Government to issue it, will not hang for the want of supply, because the Government will be able to issue it in unlimited amounts if necessary; and therefore the question of supply and demand does not apply. Government can control the supply of money, and to a great extent the demand for money. At any rate it may control entirely the supply of money if you only let it exercise that function which it has a right to exercise and not limit it to any specific commodity, such as gold and silver.

I have said this is only a matter of judgment. The only difference between my friends and myself on that proposition is that they want to have the judgment of a part and I want to have the judgment of the whole. I want the judgment of fifty millions of freemen. They want the judgment of directly interested and soulless corporations, responsible to no God for their acts, responsible to no penal code, responsible to nothing but to the extent of their assets in a civil sense; while man, responsible to God, to his neighbor, to his family, penally and civilly, would be a better, a more disinterested judge than these corporations, whose existence and prosperity depend, not as my friend says, on their being able to see that there is a stability in the currency, but, as the experience of ages shows, on their being able to see that there is anything else but a stability in the volume of the currency. In that sense, having the avarice of humanity at least, they control it in their own interest, asking no questions as to what the effect of it will be on the rest of mankind. Therefore I again repeat that the question of volume shall be left to the people. They will be better able to take care of themselves than the banks will be to take care of them. Besides, when the bankers control the volume they keep it hovering between universal bankruptcy and the highest possible interest that can be squeezed out of business, for the lower the volume the higher the interest. Therefore the bankers always keep the volume as close to the brink of bankruptcy as possible, with the margin so small that the slightest flurry brings on a crisis; for, mark you, the banker makes more money with one dollar out at 6 per cent. than he does with two dollars out at 3 per cent.; besides he requires only half the capital, runs less risk, and requires less work. When interest is six cents on one dollar the

purchasing power of those six cents is much greater than when the interest is six cents on two dollars.

I know it is often said, "Why, you contend that by the Government putting its fiat under the law upon a piece of paper that will make that paper worth a dollar"; and they tell us, "But you cannot legislate a value out of nothing"; they tell us, "You cannot make that dollar worth a dollar, because it is not issued upon value." Just at this point let me tell you, sir, that you are wrong. Value depends entirely upon utility; everything is valuable only according to its usefulness. Anything that is of no use is of no value; hence if by legislation we can grant a franchise, extend a privilege, create a function, prevent an evil, or establish anything that will do good or be of use, we are by such legislation creating value just to the extent of that usefulness; and here, if you will bear with me, I will illustrate to you the difference between this fiat dollar and that which you call the dollar, the bank note. I here first say that a bank note is never issued. No man can show me a bank note that ever was issued. Banks do not issue money. What do they do? They loan money out. They give their promissory note for the individual's promissory note, always taking care to pay the individual nothing for his promissory note, but demanding of the individual interest for the promissory note of the bank, and the result is there is not a dollar of bank money out to-day, and never was, that is not drawing interest by day and by night, on week days and Sundays, on holidays and work days; and labor has to make up that interest.

How is it with the Government issue? There never was a dollar of Government money put out that was not put out for value received. I want to repeat that, for I wish you to remember it. Governments do not loan money out; governments pay money out, and they pay it for value received.

Will gentlemen tell us that when this Government called its 75,000 boys in blue, and then its 300,000 more, and repeated it from call to call, and paid these soldiers in the greenback dollar, the Government did not get value received? When these men sacrificed their right arms or their legs, shed their blood, laid down their lives, that the nation might live, will gentlemen say that the Government did not get value received? And, if it did, those greenbacks still represent that value.

But, they say, how are you going to redeem it? Sir, if ever there was a holy redemption the redemption of the greenback by the sacrifice of the soldiers of this country was as holy a redemption as any since the advent of the Son of God? Do you

ask me how it was redeemed from the hands of the soldier? Why, when that soldier sent his greenback home to his wife and little ones, and when that wife and those little ones ate the bread they bought with it from the baker, that greenback was redeemed in bread. And when the baker paid for his flour that greenback was redeemed again. So when you start money out right, you start it out for value received, and every time it passes from hand to hand it is redeemed. In that very passage it is its own redeemer, and when it comes back to the Government in the shape of taxes or dues it comes to its fountain source, as the rain which rises from the ocean gets back to the spring and trickles down the mountain and waters the valley and again finds its outlet into its mother ocean. So would we have the Government money, not based upon gold, not based upon silver, not based upon any one or two commodities, but by the Government's power of taxation based upon every commodity that the American people can create; based upon the whole wealth of the nation, based upon the entire credit, the honor, the integrity, the patriotism, and the intelligence of the American people; paid out for value, and, not like the bank note, loaned out on interest.

DIETRICH C. SMITH [Ill.].—I understand the gentleman to say that he wants all the currency of the country to be issued directly by the Government. I would like him to state who is to determine the limits of the amount of currency to be issued?

MR. BRUMM.—The difference between the banks determining the amount of currency and the Government determining the amount of it is that in one instance the banks are made the judge, and in the other fifty millions of freemen are made the judge. Now, if the gentleman wants something more specific——

MR. SMITH.—I do.

MR. BRUMM.—I will state that I believe with my friend from Ohio [Mr. Butterworth] that a postal system of deposits is a healthy one. I believe that by such a system of deposits we could absorb the plethora of money, and by that system the amount of circulation could be gauged, because it would gauge the rate of interest. I do not know but that the introduction of one of the functions of the Bank of England might be a good one in connection with the postal system of deposits. That is, that a commission established by the Government shall, upon due notice to the holders of the certificates of deposits, raise or lower the rates of interest just as money may become plethoric or scarce in the business of the country. The amount of circulation could be regulated in that way, for when money would be scarce the rate of interest could be lowered and men would draw their money from deposit, and when there was a plethora of money the rate of interest could be raised and men would put the money on deposit. In that way you would have an automatic system within the control of the Government by the people and for the people, not by the banks and for the banks. That is but one scheme, and there are others, but I cannot now take the time to state them all.

MR. SMITH.—I understand the gentleman to say that the treasury should be authorized to issue promises to pay for all debts of the Government.

MR. BRUMM.—No, sir; oh, no! I would never have the Government or anyone issue promises to pay, but would have them pay at once.

MR. SMITH.—Issue currency?

MR. BRUMM.—Yes, currency. Issue fiat dollars to pay the debts of the Government under its sovereign power and exclusive jurisdiction over the subject-matter, and not postpone the payment of its honest debts by issuing promises, especially when those promises are burdened with interest.

MR. HARDENBERGH.—Would they not be promises to pay?

MR. BRUMM.—No; they would be the same as coin. Your gold dollar and your silver dollar is not a promise to pay. You cannot go to the Government and ask it to redeem this half dollar [holding one in his hand] or a gold eagle. The Government would tell you that they had nothing to do with that; that you might pay it to the Government for a debt and that would be all. Even then, if it were worn or short in weight, the Government would not receive it for as much in value as it was worth when it was issued. It would not receive it as money at all, but would receive it according to weight as a commodity or bullion for recoinage only, while it will receive its paper dollar for full value at all times.

As my colleague on the Committee on Banking and Currency, the gentleman from Massachusetts [Mr. Crapo], says, the currency of the country should rest upon the prudence as well as upon the power of the Government.

That brings me back again to the original proposition. You must not issue too much money. We understand very well what inflation means, and we do not ask for anything of the kind. But we do ask that you keep the issuing function, even though it be gold, silver, fiat paper money, or Government promises to pay, under the exclusive control of the Government, and let it

be regulated by any scheme or plan that will establish a proper bulk or quantity of currency.

MR. SMITH.—What part of the Government is to determine the amount to be issued?

MR. BRUMM.—I said that I would recommend the election of a commission, under control of Congress, or would have it under direct control of Congress. We might by act of Congress give the treasury unlimited power to issue fiat or full legal-tender paper money (which is the same thing) as long as money fetches more than 3 per cent. interest. Whenever it gets down to that point I would have it stop the issue; if it should go up again, then I would have it issue more. But you never need contract currency that is properly issued.

I agree with my friend from Ohio [Mr. Butterworth] that of all the evils of currency that of contraction and expansion is the greatest. The laborer is the last to feel the effects of inflation and the first to feel the effects of contraction. Therefore I would put it where there would be no amount issued that would ever need to be contracted, except by natural results, such as loss and destruction. If the Government keeps within the bounds of wisdom, as it can, and in my judgment will, as soon as the issuing function is forever taken from the banks, it never need contract the currency.

Gentlemen may tell us that during the war it would not have done to have issued an unlimited amount of paper currency. I answer no; but as the Government issued the currency it could draw it back by taxation and thus keep the volume at a healthy point at all times. During the war, when we had an immense army, the Government could do this. In time of peace I grant you the Government cannot do it easily; but in such a time there is no necessity for a superabundance of issue, and therefore of course there is no occasion for absorbing it by taxation. But in time of war the Government can set a limit upon the issue by the exercise of the power of taxation, drawing back the currency and keeping it at all times in a healthy condition.

MR. HARDENBERGH.—How are you going to get that money out, and how are you going to restrict or regulate the issue? Suppose you have an extravagant Congress or commission that issues more money than is required, so that people throughout the country refuse to take it. You then establish a gold basis, a silver basis, and what you call your treasury-note basis. Confidence is gone, and the people suffer.

MR. BRUMM.—No, I propose to establish nothing of the kind. We would get this money out just as the people want it by al-

ways paying and receiving for value. When there is a Government issue you cannot get more money out than the Government can receive value for. The amount of money in circulation is thus limited at all times. If after the debt is paid the amount of currency in circulation should not be sufficient, our friends from the South are asking us to educate their people. In the North, too, we have ignoramuses enough that ought to be educated, and I would recommend that the Government issue its fiat money and educate the people, if perchance there should be no other way of getting money in circulation. Internal improvements would be another method. Thus you enable the Government to be master of the situation at all times. Neither would there ever be a lack of confidence, for confidence is only lost when you make a lot of promises in shape of bank notes, etc., that you cannot redeem, whereas if you have cash legal-tender money based on the power and wisdom of the whole nation you have the very essence of confidence itself.

MR. HARDENBERGH.—I would like to ask my friend what volume of currency under his system he would issue? Would he pay every bond and obligation of the United States now out by this fiat money, as he calls it?

MR. BRUMM.—No, sir; not at once, but as fast as they mature and as rapidly as consistent with financial stability. I am unable to state the exact amount which would be proper for the volume of currency; and no other man in the world is able to do it. But I can do so just as well as the banker can. No man can tell beforehand the amount of currency required for a country like ours. Experience as the money is out will settle the question; and nothing else under the sun can.

The gentleman from Massachusetts [Mr. Crapo], my colleague on the committee, remarked in regard to the banks that "the necessities of their creation have not been forgotten." He also speaks of their past "patriotic services." What did the gentleman mean? Did he mean to corroborate my other colleague on the committee [Mr. Hardenbergh], who said that the bank note paid the soldier and carried us through the war? If he did, I deny the proposition. I say that no soldier ever received one dollar of national-bank-note money. I read from Judge Martin:

> There was not one national bank note issued until 1864.

Why, sir, Vicksburg had fallen then; Gettysburg, the turning point of the war, had been won. Our soldiers were

marching triumphantly, crushing the shell of the late rebellion. Confidence had been restored; the danger of foreign intervention had passed; and the war was practically over. The battle had been fought and the victory won. Then these national banks came in and said: "Now we want you to let us control the currency."

MR. HARDENBERGH.—The Government forced them to do it.

MR. BRUMM.—The Government did not force them to do it. Wall street came here to Congress. In the language of the old commoner, Thad. Stevens, "a wail came up from the caverns of Wall street," and insisted upon an amendment in the Senate to the House bill reported by him as chairman of the Committee on Ways and Means, putting in a clause that repudiated the greenback and became the basis of the national-bank system. It was done at the bidding of Wall street. Yet gentlemen tell us that the banks were forced to take control of the currency. The Government did say to the State banks, "we will tax you 10 per cent. on your circulation"; but did that force anybody to establish national banks?

MR. HARDENBERGH.—Certainly it did.

MR. BRUMM.—No; it simply got rid of the wild-cat system of bank notes.

MR. HARDENBERGH.—Was not the primal evidence that Salmon P. Chase "wiped out" the State banks by putting the tax of 10 per cent. on their circulation and forcing the national banks to take bonds whether they wanted to do so or not?

MR. BRUMM.—I do not care what the primal idea of Mr. Chase or any other man was. The fact is the Government issued these treasury notes. He made the bankers receive these treasury notes; he made them receive the first $60,000,000 for debts, although it had not been put in the original act, but was rather left to his discretion.

MR. CRAPO.—My colleague on the committee seems to have forgotten that part of the history of the country when the Government had a large amount of 7.30 bonds[1] and when the question of funding the public debt was an intricate and doubtful one, and when the banks did come forward and aid the Government in the funding process, converting the 7.30 bonds into those of a lower rate of interest.

[1] Really notes bearing interest at 7.30 per cent., and payable in three years, which, by an act passed shortly after their issue, were made convertible into "five-twenty" bonds, that is, bonds payable after five years at the option of the Government, and peremptorily redeemable in twenty years. The "five-twenty" bonds bore six per cent. interest. [See Chapter IX.]

MR. BRUMM.—Yes, they did come and refund the debt; that is, they so refunded it that, instead of the Government owing the debt to the bondholders, to the contractors, and to the soldiers whose pay was far in arrears, they made it over to the bankers at 40 cents on the dollar. They came and helped to refund the debt, which was the cause of the crisis of 1873. They did come and aided the Government to do that which brought on the greatest calamity this nation ever had save alone the last rebellion. They did come and make the Government refund this debt by contracting the currency so rapidly that labor lay prostrate, and men, women, and children were starving throughout the length and breadth of the land.

While on this point, Mr. Speaker, let me say that gentlemen here are fond of throwing into the teeth of the "Greenbackers" the fact that we prophesied the Government never could resume specie payment under your refunding system. I insist that we were right when we said that, for, sir, you have not resumed to-day. Under your original refunding act and resumption policy you changed your policy. You were going to cut down every dollar of greenbacks. You had demonetized silver, and, when the greenback prophecy was proved to be only too true, you changed your policy and you remonetized silver, stopped the destruction of the greenback and made it a full legal tender except for the payment of the public debt.

What is the result to-day? You boast of resumption. I deny it. You have not resumption, and especially of specie payment on demand for national bank notes. To resume is to get back to where you started. This you have not done. You have a new idea of redeeming the national bank note by a redeemer for which we on this side of the House are denounced.[1]

After you call in the entire $350,000,000 bank notes and redeem them in greenbacks, you may resume by taking a fixed sum, not less than $50, pay the expense, and run the risk of getting it to and from New York City, and then put it in a little bit of a hole in that city and have it redeemed. That is what you gentlemen boast of as your resumption policy.

Now, my colleague, the chairman of the Committee on Banking and Currency, says that banks are not large moneyed monopolies. For the purpose of showing the power of the national banks, I read a small extract from the secretary's report of the proceedings of the National Bankers' Association, held at Saratoga in 1879.

[1] Judge Brumm acted with the majority of the Democrats on financial questions. He was a protectionist, however, on the tariff question.

Bank managers are the most apathetic business people that I have ever come in contact with; an earthquake will hardly induce them to move out of their easy-chairs. They need not be suppliants. They want justice and not favors. Did they but realize their strength, and, acting together, exert it as do other great interests, they would have to ask but once, and any proper request would be granted. The banks represent the entire commerce of the country, the mining, the iron, the manufacturing, the agricultural, even the whisky and tobacco interests are dependent upon and are tributary to the banks, and the banks in turn to them. Suppose banks and bankers should stop discounting for any one of these interests for thirty or forty days; nay, suppose the banks should cease making discounts to all of these interests at the same time, would not chaos come again? The movable capital of the entire commercial public of the country is in the banks.

There are over 6,000 banks and bankers in the United States, wielding of capital and deposits over $3,000,000,000. They have only to move along the lines and retire from business and let the windy demagogues supply their place with money and credits, if they can. They will soon be told by the farmers that they want something besides words for their wheat, and so also will the manufacturers and other producers for their productions. Nothing is so timid as capital, nothing so easily scared as one million, unless it be two millions.

Here is an acknowledgment that two of the most dangerous elements to republican institutions are incident to your banks, namely, unlimited power and unmitigated cowardice.

Now, Mr. Speaker, I want to ask our national bank friends what redeeming feature has the national bank note that the greenback note has not? What advantage to the people of the country, to the business interests of the country, has the national bank note that the national treasury legal-tender note does not possess?

Do you say that it is current all over the Union? I say amen; but so is the greenback. Do you say it has the confidence of the people? I say amen, for that confidence is based on the people themselves, that confidence is based on the Government, and on its redeemer and savior, the greenback dollar. Do you say it will surely be redeemed? I again say amen; it will be redeemed, but by the greenback dollar.

And now let me ask another question. Let me ask the gentleman what advantage has the greenback that the national bank note has not got? We claim that it has a number of advantages that your national bank note has not got. In the first place, it saves the interest on the bond upon which the bank note is based, whatever that may be, great or small. In the second place, it saves the discount paid the broker or the banker; I have illustrated that heretofore; that is, the national bank note goes out for interest and interest must be paid; hence the

Government pays interest first on the bond, then the man who receives the discount pays interest on the bill, both of which are wiped out the moment you allow the Government to issue this money in the first instance. Then, sir, it does not bridge the chasm between the creditor and the debtor, as has been said by both my colleagues on the committee, the gentleman from Massachusetts [Mr. Crapo] and the gentleman from Illinois [Mr. Smith]. The national bank note does not bridge the chasm; it widens the chasm; because it makes the holder of the note pay double interest. It leaves the volume to the people and prevents the concentration of power in the hands of the few. I wish I had time to illustrate the damning and blighting effect of this concentration of power by the moneyed men of the country in the hands of perhaps a few dozen men practically in the city of New York. Any system of issuing banks fosters this centralization of power.

Again, there is a centralization of power in this that, whenever you take from the Government at large any of its functions, any of its rights, and give them to a portion of that Government, you take it from the aggregate and give it to a few, and they in their selfishness would always use it and utilize it to their own interest. Functions that are sovereign should be held sacred by the Government, and not delegated to the few under any circumstances. You change it from an interest-bearing to a non-interest-bearing debt; and, let me ask gentlemen who are so solicitous about the redemption of the greenback, is it not easier to redeem a debt, even if it is to be redeemed in kind, is it not easier to redeem a debt bearing no interest than it is to redeem a debt bearing interest? If you wipe out the interest of the bonds, cut them up into small denominations, make them legal tenders and serve the purposes of money; when the time comes for redemption the Government will be better able to redeem them if you do not charge interest than it will be if you compel it to pay interest for twenty-five or one hundred years.

Again, when you liquidate the Government debt by the issue of greenbacks you take the Government out of the money market. To-day the Government is one of the greatest if not the greatest competitor in the money market for loans. The Government is practically a bidder against any man who wants to borrow money. The Government is a borrower of money under a national-bank system and a competitor in the business market for the money of the country, whereas it ought to stand back and be a helpmeet, rather than to draw that money.

There will be no currency suspension as there was of the

national banks in 1873. The national currency will redeem the bonds. Do gentlemen ask me, do I want to repudiate? I say no; I say I want the debt paid, dollar for dollar, according to the contract; coin, since it says so; gold, if the Government makes it so; blood, if the necessity requires it. I want it paid according to the contract. But I say that the national treasury note will pay this bond without repudiating a dollar or a penny.

Senator Sherman said that some six hundred millions of the national debt was redeemed and paid in the national treasury note; not because the Government said it must be, but because the holder of the bond said: "I do not want your gold and silver; I would rather take the national treasury note, and let the Government take of its surplus at any time and call in so much of the debt as there is surplus." There will scarcely be one man that will say, "I want gold or silver." If they do say so, the Treasurer can easily tell them to go back up their cart and take the silver that is now in the treasury; and, as they take it out, it will come back in the twinkling of an eye, and then it can say, in the language of the barber, "'Next;' back up your cart and we will give you your silver again"; and it can keep this up till the national debt is paid. I would not pay it off so quickly as to bring on any calamity. There must be wisdom as well as honesty, and the Government will act in a truly wise and judicious manner if you only give it a chance.

There will be no currency suspension. The Government need never be troubled about suspending specie payments under that system. The only reason that specie payments are in danger to-day is because under your banking system you allow the banks of the country districts to deposit their money in the city banks. They deposit all their surplus and the banks in the city loan it to stock speculators and gamblers. In the country they would rather put it out on call loans at 3 per cent. than on a permanent loan at 6 or 7, because their deposits are on call. In the city they keep it in a spasmodic condition, loaning it constantly to stock-jobbers and speculators, and hence, when in 1873 stocks fell and could not be sold, a demand was made suddenly upon the banks for this money, and then it was that banks suspended not only specie payments, and honoring their own notes, but closed their doors, and refused to honor the drafts and checks of their depositors; then it was that they suspended all payments, and the result was the crisis of 1873.

And then it was that the Government was compelled to bridge over the chasm by loaning these very banks $26,000,000 of legal-tender notes. Therefore, not only during the war did

you rely upon your treasury notes, but in time of profound peace, in times of crises you have always called upon your savior to come to your relief in all emergencies.

But, again, the most important element of the system is in the fact that it will prevent the contraction and expansion of the currency. It will keep it on a permanent basis, not subject to the double fluctuations of gold and silver as commodities, and as coin, nor to the whim, caprice, and avarice of biased individuals or interested corporations. It will be on a permanent basis, for the money will never be issued beyond the amount that is wanted, and will be contracted only in a wholesome degree. Now, as to the merits of this bill and of the several amendments, I would ask what do gentlemen really expect to accomplish by the passage of this bill?

You come down now to the proposition that you must either have a perpetual national debt or the days of the national banks are numbered. Either one or the other of these horns of the dilemma you must take. You must either say that you want to mortgage our children and their prosperity indefinitely or that national banks must give up their issue. Now, since the days of the issuing function of national banks are numbered, and since you do not propose any substitute for it, let me ask if we had not better begin now to let them down easy, to let them down gradually? You say they have lived for nineteen years and that you want them to have twenty years more of existence. If you give that to them, then at the end of that time you must either give them twenty years more or else let the bottom drop out all of a sudden.

Now, I do not want anything of the kind. I am more generous toward the national banks than that. I want them to start now and prepare for the day of judgment. The time is at hand, and their days are numbered. I only ask them to prepare now, that they may meet their judgment when it comes upon them, and not inflict another crisis upon this country like that which they have heretofore inflicted.

I have submitted a compromise measure which does all that is contemplated by the Crapo bill except that it provides for the contingency of a crisis, in this, that as the national-bank notes are wiped out we shall substitute therefor the treasury notes—legal-tenders—just as they are to-day. Besides, this substitute fixes twelve months as the time for the final payment or liquidation of those national-bank notes that are lost or destroyed.

Gentlemen talk about giving banks the right to issue money

because the Government cannot do it. How can bankers do it? To what extent can they do it? To the full extent of the national debt, less 10 per cent. Now, gentlemen, if you are honest in claiming that the Government should not issue money, but that creatures of the Government should issue it, I ask why do you not offer a proposition something like this, that any individual may go to the Secretary of the Treasury with a bond of not less than $100, and not exceeding, I would say, $20,000, and receive not bank notes, but individual notes, if you please? What objection is there to allowing an individual the same privilege which you allow to a corporation? What is the difference?

John Smith, a business man in my county, has $20,000. He wants to go into manufacturing business. He finds that it will take $18,000 to build his factory. He says: "Here is a banking corporation with $25,000 capital that can go to the United States Treasury and by depositing bonds get money for them to the full amount of the bonds, less 10 per cent., and shave the people with it. Why should I not do the same thing? I will go to the Secretary of the Treasury, and say to him: 'Here are $20,000 of Government bonds; give me $18,000 in notes.' I will take these notes home—not for the purpose of shaving my neighbors, not to draw sweat and blood from them by usury. I will use them in erecting my factory, in giving employment to my neighbors, in building up the industries of the country. I will not loan out this money to draw the blood from the man who wants to build a factory. I will build the factory myself. I only ask the Government to do for me what it is doing for the national banks." He says to the Secretary of the Treasury: "Give me money upon the same terms on which you give it to this soulless corporation." The Secretary says: "No, no; you are a creature of God; you are a being of flesh and bone and blood; a responsible creature; I cannot give you this money. Besides, you want this money to use it as a blessing to your neighbors; that is against our policy."

What does John Smith do? He goes home and gets several of his neighbors to join with him. Then say we will apply to the Secretary of the Treasury; and it will no longer be the application of John Smith; it will be the First National Bank of Hookstown. They go to the Secretary of the Treasury, and he says: "Oh, I see; you are not here as a responsible creature, a creature of God—a mortal man, with soul immortal; you are an immortal creature without a soul. Deposit your $25,000 of bonds, and I will give you $22,500 in money. You may then go home—not to erect factories, not to give employment to your

neighbors, not to build railroads and other improvements, but to shave your fellow-citizens, to draw from them their life-blood.

MR. CRAPO.—Let me ask my colleague whether the greenback is a promise to pay?

MR. BRUMM.—The greenback on its face is a promise to pay. It is not the money I want, but it comes nearest to what I want and what I can get under the present circumstances. On its face it is a promise to pay, but by the act creating it it does not promise to pay. Under the act which created it, it is provided that it shall be receivable in payment of dues, and may be convertible into bonds. The bankers of Wall street are those who put this character upon the greenbacks. Under the act creating the greenback it is not redeemable either in gold or silver.

GEORGE C. HAZELTON [Wis.].—Has not the Supreme Court decided that you can issue nothing except a promise to pay in gold or silver dollars, and that there is no such idea as a fiat dollar, or a paper dollar, under our Government? If so, how are you to get around it?

MR. BRUMM.—There never can be a dollar that is not a fiat dollar.

MR. HAZELTON.—Have they not so decided?

MR. BRUMM.—The Supreme Court have gone so far as to say that the Government treasury note is a legal tender, first; and here let me say that the first money that the Government issued or created was a paper dollar—a promise to pay, a treasury note. It issued treasury notes before it ever issued coin of any kind, or before it ever coined a silver dollar, or a gold dollar, or a copper coin. The next money coined was copper; the next was silver, and the last was that gold of which my friend from Missouri talks so much. The men who framed the Constitution knew what they intended to do, and they passed an act establishing a Government national bank, with a right to issue legal tenders to the Government, I grant you, not to individuals; and they then issued treasury notes—the very men who sat in the constitutional convention. Now, the Supreme Court has gone further; Chief Justice Chase deciding that our greenback note is a legal tender for every debt, public and private, except those reserved in the act.

The Supreme Court, lacking two of being full, when it was filled went further, went beyond and up to that point that my friend, Judge Buckner, is so much afraid of, that is, that they are legal tender for the payment of antecedent debts. We do not ask you to go that far. We are willing to stand by the first

decision of the court. We do not ask you to go as far as Judge Strong went when he rendered the opinion of the court. We only ask you to make your notes legal tender, not to the Government alone, but to the individual as well.

MR. HAZELTON.—Suppose you had a piece of paper and the Government said "this is a dollar," would that be good money under your construction?

MR. BRUMM.—Yes, sir.

MR. HAZELTON.—That is all I want to know. The Supreme Court, in the legal-tender cases, decided that it would not be money.

MR. BRUMM.—I beg the gentleman's pardon; that question was not presented at that time. I say the Government has a right to make this a dollar, and it will be a dollar, if the Government so declares, regardless of its intrinsic value.

MR. HAZELTON.—Well, now, again on that same point, if the Government says this seat is a dollar, according to that construction it will be a dollar, won't it?

MR. BRUMM.—It would be a dollar, so far as it goes, but it could not be utilized.

MR. HAZELTON.—The Constitution only mentions gold and silver. It does not mention seats or old boots.

MR. BRUMM.—I am aware of that; nor shad. [Laughter.]

The gentleman from Ohio [Mr. Butterworth] said he wants a dollar that is an honest dollar, that has a hundred cents to the dollar. Will the gentleman, or will anybody else, a friend of his, show me a dollar that has not a hundred cents? Did you ever see any? Did you ever know a dollar that had not a hundred cents in it and was not worth a dollar? When I ask you what is a dollar, what do you tell me? If you ask me, I say it is a hundred cents, or a unit fixed by the Government by which you may measure value. That is all you can say. You may make this dollar of gold, or part gold, and can put a certain kind and quantity of gold in it. And so you may of silver, of nickel, of copper, or of paper. That is all there is in that. The constitutional right of the Government is to coin money and regulate the value thereof, and to save itself, and to do all that is necessary and incident to the exercise of any sovereign power.

Now, then, as to seats and old boots, and shad. I have heard that thing spoken of before. They say, suppose you take a block of wood, and the Government puts its stamp on it and says, "This is a shad," and you throw it into the Potomac and a fisherman down the river fishes it up, and, when he looks, he reads, "by the authority of the United States this is a shad"; then says "but I do not believe anything of the kind; I would not want to eat it, and, of course, it is not a shad."

Let me illustrate. These questions are asked by the money changers, just as the tempter asked Jesus Christ when he said, "To whom shall we pay tribute?" Christ said, "Show me your token, your tribute money." The tempter showed him a token, a penny token, I believe. Christ said, "Whose superscription is that?" The tempter said, "Cæsar's superscription." Christ said, "Render unto Cæsar that which is Cæsar's and unto God that which is God's." And so I say to my friend, when you talk of the coining of money, it is a function of Cæsar, of the Government; therefore render unto that Government, that Cæsar, that which is Cæsar's. When you talk of making shad, that is a function of the Deity, and therefore render unto God that which is God's. When you talk of seats, boots, etc., they are functions of individuals; therefore render to the carpenter and shoemaker their functions. Do not attempt to rob God Almighty and the poor carpenter and shoemaker of their proper functions, simply for the purpose of justifying your attempt at robbing the Government of one of its most sacred functions.

The only reason that I can imagine why bankers oppose such a proposition as mine is that they are determined to have either national-bank notes or force us back into the old wild-cat State-bank notes, and for that reason will not allow us to issue any more legal-tender treasury notes. Yet I submit that unless some substitute be provided we cannot escape a contraction of the currency, which must necessarily bring about another crisis very soon; hence the only question is, shall that substitute be the pure legal-tender greenback or shall it be the thirty-eight species of State-bank vermin to poison our issue, or shall it be the Democratic mongrel treasury note, not a legal tender, as contemplated by the Bland-Buckner substitutes? And here let me say that I would rather vote for the Crapo bill a thousand times than vote for this Democratic wolf in sheep's clothing. Though the Crapo bill makes us bear the ills we have, the Buckner-Bland frauds drive us to others we know not of. By the Crapo bill we are at a stand-still; by the others we drift back to the State wild-cat system, and rivet it with multiplied horrors more firmly than ever upon our body-politic. Sir, you issue treasury notes now not a legal tender; you deny by implication the right of the Government to issue a full legal tender in time of peace; and thus you force the final withdrawal of the greenback, and substitute for it your half-breed apology. Then

you throw yourself, soul and body, into the clutches of bankers, money-changers, and monopolists, and allow them to repudiate your issue by refusing to receive them in payment of commercial paper or any other debt, and by declaring that they are not current funds force them below par. And thus you make them repugnant to the people, and create a clamor against any national issue of money; and when the people are in that temper we will again fall an easy prey to the demands of the money-sharks for the restoration of State banks. Thus you cheat the people by making them believe that you are Simon Pure Greenbackers, and by diverting their attention from the true doctrine you become our most dangerous enemies.

In fighting a righteous cause it is an easy thing to subdue an open enemy, for then we can give blow for blow, but it is hard to fight guerilla skulkers and dodgers who steal into our camp under the guise of friendship and attempt to cut the legal-tender heart out of us; and then because we will not tamely submit to their butchery, and allow them to sail under false colors, they denounce us and say they are better Greenbackers than we are, and by thus robbing the livery of Greenbackism to serve the Democracy they put us on the defensive, and compel us to combat all the ridiculous heresies preached by these hypocrites.

Gold, silver, bank notes, and Democratic mongrels may do for financial dress parade, but in the heat and brunt of battle, and in every crisis, you must resort to the nation's credit. The bankers always urge the necessity of their assistance in time of peace and prosperity, but leave the nation to its fate in time of war. "A friend in need is a friend indeed." The money that could bear the terrible strain of the rebellion, spurned, mutilated, and crushed as it was by Wall Street, will always be strong enough to resist every shock or crisis in peace. Even now they are the support of the national-bank note. Wall Street and my friend Butterworth agree that during the war legal tenders were constitutional, that is, the legal-tender clause is only a war measure. But why? Because then Wall Street & Co. shrank and, coward-like, refused their aid. When this nation was struck by the leprosy of rebellion, we were too loathsome to be treated by these doctors of finance. When England and our other very friendly neighbors across the pond left us to our fate, and joined the enemy, these professors of monetary *materia medica* were the first to desert from our camp with their physic. When the martyred Lincoln called for seventy-five thousand men and then for three hundred thousand more,

the youth and bloom of our country promptly responded with the best blood of our land. But when he called for the money to pay them to keep their wives and little ones from starving at home these currency scientists could make no sacrifice for such a holy cause. When defeat followed disaster foreign intervention was threatened, our armies driven back, our soldiers slaughtered by the thousands, and the darkest cloud of rebellion hung over us, there was no succor from Wall Street. When the loyal heart was bursting with anguish, its gaunt arm extended, begging for help, the mighty North with all its powers and resources lying prostrate at the feet of Wall Street, naked, hungry, sick, and sore, these frozen blood physicians refused all nourishment, not even encouragement or honest medical advice. They had nothing to offer but second-hand porous-plasters in shape of wild-cat bank bills. No sooner did the patient convalesce under the nourishment of the greenback when this ungrateful and unblushing quack again intrudes himself upon our forgetful and forgiving nation, and acknowledges that, while we are sick, weak, and in great distress, the best thing to strengthen and cure us is that greenback which produced a good and healthy circulation, and that during the war we were right in using the national legal-tender panacea, for then it seemed to agree with our constitution, and really saved our life and made us the greatest nation of the earth. But now that we are so strong and vigorous they don't think that our constitution will bear any more of this national legal-tender nourishment, that is, it is not good to be too healthy; our constitution requires that in time of peace we should have some financial poison to stagnate our circulation. Then you know we will be so fashionable, and like our royal English neighbors we can get an occasional financial fit or spasm, and sometimes faint away and get downright sick. Then these financial mountebanks will take the best care of us, for they are so well posted in the anatomy of finance, and the physiology of political economy, that they alone are fit to take charge of our system, especially our circulation, as they still believe in the old practice of phlebotomy, and therefore they will draw our blood until our commercial heart almost ceases to beat, when they must again resort to the greenback nourishment, even in time of peace, as they did during the financial plague of 1873.

Joseph H. Burrows [Mo.], a "Greenbacker," opposed the bill. His conclusion was as follows:

Gentlemen who profess to be anti-monopolists, who can see the evils of railway monopoly, of gas monopoly, of water monopoly, of shipping or manufacturing monopolies, shut their eyes at the command of the banker who exacts tribute from them under guise of doing them the favor to shave their notes or discount their paper credit, and obediently refuse to see the size or iniquitous character of the master monopoly of them all, the parent monopoly of all the rest, that of the money or currency monopoly of these national banks.

How dare you pass this bill? When its indefensible provisions, its ridiculous subserviency to the power of the "reserve fund" and the "other undivided profits" are exposed before your constituents, as they surely will be; when the appeal is taken from your action here to the people whom you by this bill propose to keep enslaved to the money-kings; when the faithful Greenbackers go to the hustings to expose to the people the full extent of this crime against their rights and best interests, as we surely will do; when, finally, want, oppression, monopoly, and enlightened public opinion combine to bring to justice or to scourge with stripes the men who chose to obey the money-kings rather than the people, you who vote for this bill will be praying for the mountains to fall on you and the waves of a political oblivion to hide you forever.

Upon no ground can the passage of this bill be defended with success. For no valid reason can a vote be asked for it.

It is one of the most wicked, defenseless, inexcusable, flagrant cases of a popular swindle that ever came before Congress, not excepting the land-grant, Crédit Mobilier, granite contract, river and harbor, whisky bill, or other swindles that have disgraced the Congressional legislation of the past or threaten it at the present moment. Here and now gentlemen must make their record and choose their fate. They know whether they will serve the people, who are opposed to this bill and to the national banking system, or whether they will obey the commands of the Shylock Radicals and Bourbon Democrats who conspire to pass this measure. The crisis has come, and the old dodge of Bourbons and Radicals talking against the national-bank swindle in their districts to get votes and voting with the political harlots who think they conceal their acts from their distant constituents can be played no longer with any hope of success.

In conclusion, I ask, in all candor and seriousness, why should we, how can we, and how dare we pass such a bill as this? Let the bank charters expire. Banking will not cease.

Over two-thirds of the banks and banking of the country is already done without these bank charters. Let the charters expire, and put all the banks on a level. Let the charters expire, and put the Government again in sole and exclusive possession of its rights. Let the charters expire, and put the vast revenue accumulations in the bank vaults into trade, commerce, business, and productive enterprises. Let the charters expire, and behold "the best banking system the world ever saw" thereby superseded by the best currency and most equitable financial system that man has ever devised. Let the charters expire, and forbid with the spirit of Andrew Jackson the rechartering of banks by the Government or by any authority which shall claim the right to empower them to issue currency! Let the charters expire, and the end of monopoly will be in full view! Let the charters expire, and let the people live freed from the national-bank incubus that now assumes to be their master.

Could we have a financial Peter the Hermit to thunder over the land his anathemas, and to preach a new crusade against these banks, his cry at this moment would be: The national banks must go! Let the charters expire!

Mr. Hardenbergh replied to the "Greenbackers."

Seven years ago I took my seat and with uplifted hand swore to support the Constitution of the United States and the laws made in accordance therewith. Since then my constituents have seen proper to retain me in the position I have occupied; and I come to it with a spirit to discharge simply what I believe to be its duties as a matter of right to my people, as well as in a spirit of justice and fairness to all, and in opposition to that miserable, wretched spirit of communism and socialism now extending itself throughout the land, which threatens capital in whatever shape or whatever amount or however it be invested with the most dire and dreadful consequences.

Why, sir, it was but two days ago, in my morning mail, came a letter signed by generous-hearted Peter Cooper, of New York, a man ninety-two years of age, a man who has been known, honored, and trusted by the American people; whose whole life has been one of benevolence, piety, and justice, but who in his declining years, when the shadows of the next world are gathering thick around him, and when his mind cannot be in the course of nature as clear and bright and strong as it was, indorses doctrines the most unwise in our financial history.

Enclosed with the letter was a pamphlet. Read it, representatives of the people, and you will see that, instead of strikes against labor, suggestions are made to men to save three months of their wages to buy Gatling-guns and, with three months of provisions, to crush out monopolies of whatever kind. And this, Mr. Speaker, in a representative government of the American people. Crush where you can monopolied power, but let it be done by proper process of law. Why, sir, what can there be behind all this crusade upon the national banks? Men are tender in their utterances about it as if they were afraid to speak their minds. I believe in educating the people and elevating them to a full knowledge of these great questions rather than pander to sentiments born of hasty and unreasoning prejudice. [Applause.] I have been advised by letters, time and often, to be careful of my public political aspirations as to what I may say upon the national banking system lest it may thwart them all. Sir, I will accept all the responsibility and will in face of all such opposition stand by what I conceive to be the principles of justice and right. [Applause.]

Now, sir, I have thought that in this war which has been waged against this national banking system there were other interests behind it. Can you conceive that a system that has been acceptable for twenty years to the American people should all of a sudden, within the last six months, especially since Congress has been in session, be found so imperfect that we have been called upon by a pressing public demand not only to denounce, but to degrade and crush it, and to refuse to extend their charters, merely because the system is in the interest of monopoly? There must be something else behind all this. The movement is not an honest one. It may be the tariff; it may be railroad monopolies; but there is something behind it. It is not a spontaneous movement. It has not the sanction of the American people, and never can and never will have this sanction.

You and I have been in our brief lifetime witnesses of great events in American history. We have seen how the swelling tide of public opinion has risen and surged from one end of the Republic to the other. We remember the days of Know-nothingism, when a man was compelled to announce where his great-grandfather was born, and when the tattered remnants of a political piety were flaunted upon the cross of an insulted Saviour. That was considered then as American patriotism, but buried and damned to-day and forever, as it will be by any republic on earth which seeks to create distinctions between its

citizens or refuses to extend to the humblest citizen the broad shield of its common protection.

What next? Then came the mighty exigencies of war. What carried us through that war? It was not the greenbacks. My friend from Pennsylvania [Mr. Brumm] announces the greenback as the redeemer, the great redeemer of his country. Why, sir, the redeemer that I acknowledge is always at par, and can save you under any circumstances; but the redeemer of my friend rose and fell in its redemption power, and you never can tell whether you are saved or lost. [Laughter.]

A national bank is not a monopoly. By a law that was passed some few years ago the national banking act was made general; any seven citizens accumulating a capital of $50,000 could organize a national bank. All the monopoly features of it were taken away.

Capital is timid; it does not dare to defy public opinion; it must do what is right; it must conform to the action of Congress. The national banks must obey the national banking law. They must keep their reserves as required by law; they must pay their taxes.

Now, gentlemen, take one course of the two; refuse to extend these charters and divide this reserve, force contraction within one year of $128,000,000, tell the people you have done it, and, when hungry mouths and vacant hands come to you and ask you why, tell them behind it there is some railroad monopoly scare that forced you to make a war on the national banks.

No, gentlemen, you have high, you have awful, responsible duties to discharge. Do it not in fear of communism, not in fear of socialism, but do it as the representatives of Christian America which God gave to the nation for the salvation of a world. Then we shall agree in harmony in our actions here. Then we may go forth to the people feeling our duties are discharged, and it will be "a grander sight than fleets of mightiest admirals seen beneath the lifted clouds of battle; grander by far than the serried tramp of armed men marching by tens of thousands to the music of an unjust glory." [Applause.]

The bill was passed on May 19 by a vote of 125 to 67. After an extended discussion in the Senate it was passed with amendments on June 22 by a vote of 34 to 13. A joint conference was held, and an agreement reached, which was ratified by both Chambers on July 11. President Arthur approved the bill on July 18, 1882.

CHAPTER XII

Gold or Greenbacks?

[PAYMENT OF BOND INTEREST]

Debate in the House: in Favor of Gold, James G. Blaine [Me.]; in Favor of Greenbacks, Gen. Benjamin F. Butler [Mass.].

NEXT to reconstruction the problem of the currency was most discussed during Johnson's Administration. On this question a new alignment of Congress formed, in which the old party divisions of Republican and Democrat, Administration and Opposition, were broken. On the one side were those who supported national banks, insisted on payment in coin of interest on all Government bonds, and wished to retire treasury notes ("greenbacks") from circulation; on the other were those who wished to make treasury notes the main element of the currency, and to pay these as interest upon those bonds which did not specifically call for such payment in coin.

Men who had been bitter opponents upon reconstruction, such as Representatives Thaddeus Stevens [Pa.] and Thomas E. Noell [Mo.], joined together to uphold "greenback" currency. Outside of Congress ex-Senator George H. Pendleton [O.], and inside of it General Benjamin F. Butler [Mass.], a new Representative, were the leaders in opposition to the banking interests. James G. Blaine [Me.] was the protagonist of the bank supporters in the House.

Blaine and Butler met on November 26, 1867, in a culminating debate on the question of the kind of money to be paid as interest on Government bonds.

Payment of Bond Interest—In Gold or "Greenbacks"?

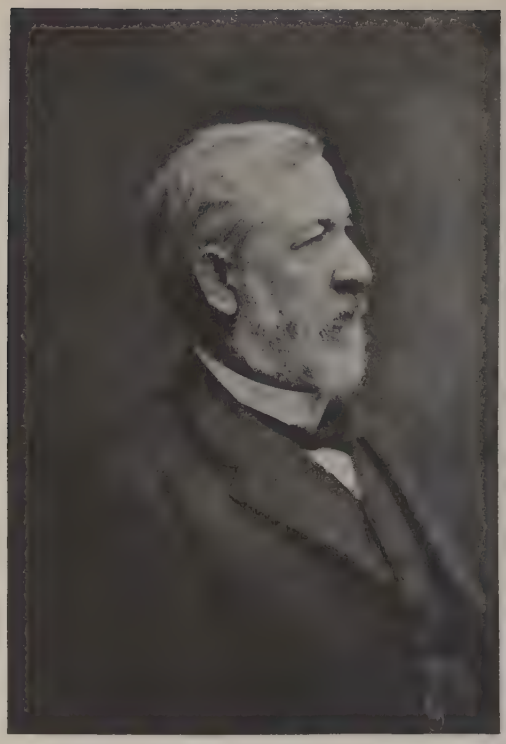
House of Representatives, November 26, 1867.

Mr. Blaine.—Within the past few months, Mr. Chairman, some erroneous and mischievous views have been put forward in regard to the nature of the public obligation imposed by the debt of the United States. Without stopping to notice the lesser lights of the new doctrine, and not caring to analyze the various forms of repudiation suggested from irresponsible sources throughout the country, I propose to review, as briefly as may be, the position contemporaneously assumed by two able and distinguished gentlemen—the one from the West, the other from the East—the one the late candidate of the Democratic party for the Vice-Presidency—(George Pendleton, of Ohio)—the other a prominent member of this House from one of the strongest Republican districts of the State of Massachusetts [Mr. Butler].

The position of these gentlemen I understand to be simply this: *that the principal of the United States bonds, known as the five-twenties, may be fairly and legally paid in paper currency by the Government after the expiration of five years from the date of issue.*

A brief review of the origin of the five-twenty bonds will demonstrate, I think, that this position is in contravention of the honor and good faith of the national Government; that it is hostile to the spirit and the letter of the law; that it contemptuously ignores the common understanding between borrower and lender at the time the loan was negotiated; and that finally, even if such mode of payment were honorable and practicable, it would prove disastrous to the financial interests of the Government and the general prosperity of the country.

The issue of the five-twenty bonds was originally authorized by the act of February 25, 1862, which provided for the large amount of $500,000,000. It was this series which was sold so successfully by Jay Cooke & Co. in 1863, and of which so great a proportion was subsequently purchased by foreign capitalists. It will be borne in mind that up to that time in all the loan bills passed by Congress not one word had ever been said in regard to gold payment either of bond or coupon; and yet it will be equally borne in mind that gold payment, both of the principal and interest of the public debt, had been the invariable rule from the foundation of the Government. No instance to the contrary can be found in our history. In the pithy language of



James G. Blaine

Nathaniel Macon, "our Government was a hard-money Government, founded by hard-money men, and its debts were hard-money debts."

And it will be still further borne in mind that when the bill authorizing the original issue of five-twenties was under discussion in Congress no man of any party, either in the Senate or the House, ever intimated that those bonds were to be paid in anything else than gold or silver. The issue of legal-tender notes of contemporaneous origin was regarded as a temporary expedient, forced upon us by the cruel necessities and demands of war, and it was universally conceded that the specie basis was to be resumed long before the bonds should mature for payment. And in order that the public creditor might have the amplest assurance *of the payment of both principal and interest in coin* it was specially enacted that all duties on imports should be paid in coin, and the amount thus raised was distinctly pledged, not only to the payment of the interest in coin, but to the formation of a sinking fund for the ultimate redemption of the principal in coin. This provision is so important that I quoted entire. After providing that the duties shall be paid in coin, the act devotes that coin to the following purposes:

"First. To the payment in coin of the interest on the bonds of the United States.

"Second. To the purchase or payment of one per cent. of the entire debt of the United States, to be made within each fiscal year after the 1st day of July, 1862, which is to be set apart as a sinking fund, and the interest of which shall be in like manner applied to the purchase or payment of the public debt, as the Secretary of the Treasury shall from time to time direct.

"Third. The residue thereof shall be paid into the Treasury of the United States."

Considerable carping and criticism have been expended on the second clause of this provision, mainly by those who seem desirous of wresting and distorting its plain and obvious meaning. Brushing aside all fine-spun construction and cunning fallacy, it is quite manifest that the sinking fund herein authorized was primarily to be formed from gold, and that it was only to be invested and reinvested in securities whose interest was equally pledged and guaranteed in gold; that this process was not to be confined to any specific number of years, but was limited only by the amount and the duration of the debt which was ultimately to be redeemed by the sinking fund thus constituted. The sinking fund was thus to receive an annual incre-

ment *in gold* amounting to the one-hundredth part of the entire debt of the Government; and this increment was to be invested only in securities which would yield *gold* interest for the further increment of the fund. It would be difficult to conceive how the language of an enactment could more distinctly recognize and provide for the ultimate coin payment of the entire bonded debt of the nation. And, instead of the Government having the right at this late day to change its gold obligation into one of paper, it seems to me that the public creditors could with far more consistency allege that the Government had not fully kept its faith with them in failing, as it has, to provide the sinking fund which was thus guaranteed at the outset as one of the special securities of the loan.

But we do not rest merely on the after construction of a statute to prove that the principal of the five-twenties is payable in coin. The declarations in Congress at the time the measure was under consideration were numerous, direct, and specific. Indeed, no other possible mode of payment was even hinted at, and Mr. Stevens, as chairman of the Ways and Means, was emphatic and repeated in his assertions to the effect that the bonds were *redeemable in gold*. He stated this fact no less than three times in his speech of February 6, 1862, giving it all the prominence and emphasis that iteration and reiteration could impart. He spoke of the "redemption in gold in twenty years" as one of the special inducements for capitalists to take the loan, and he gave, in every form that language could assume, the sanction of his influential position, and still more influential name, to the maintenance of the gold standard in the payment of the bonds.

It may astonish even the gentleman from Pennsylvania himself to be reminded that within less than three years from the date of these declarations he asserted on this floor—referring to the five-twenty bonds—that *"it is just as clear as anything is clear that the interest is payable in gold, but the principal in lawful money."* He made this startling statement in answer to a question addressed to him by my honorable friend from Ohio [Rufus P. Spalding]. Should this scheme of repudiation ever succeed it is but just to give the gentleman from Pennsylvania the honor of first proposing it. He announced it on this floor while yet the gentleman from Massachusetts was doing honorable service on the tented field, and while Mr. Pendleton was still adhering to those hard-money theories of which he was a conspicuous and eloquent defender during his service in this House.

While so many gentlemen in both branches of Congress were repeating that these bonds were redeemable in gold, it is a very significant circumstance, as already intimated, that no one ventured the opposite opinion. The universality of the understanding at that time is that which renders a different construction now so reprehensible. Mr. Pendleton was present in his seat during the whole discussion of the measure, and he was an active and frequent participant therein. Then was his time to have enunciated his scheme of greenback payment if he ever intended it in good faith. As a gentleman of candor, however, I am sure he will confess that he never dreamed of such an idea till long after the bonds were purchased by the people, and possibly not until some prospect of party vantage lured him to the adoption of a theory which is equally at war with the letter of the law and with sound principles of finance.

After the bill became a law Mr. Chase, the Secretary of the Treasury, proceeded to place the loan formally on the market, and following the uniform previous practice of the Government, and especially adopting the language used by Mr. Stevens, and other gentlemen in both branches of Congress, he officially proclaimed through the loan agents of the Government that the five-twenty bonds were *"a six per cent. loan, the interest and principal payable in coin."* And it was on this basis, with this understanding, with this public proclamation, that the people were asked to subscribe to the loan. They had the assurance of an unbroken practice on the part of the Government, rendered still more significant by the provision for a sinking fund in coin; they had the general assurance of both branches of Congress, especially expressed through the appropriate channels of the chairman of Finance in the Senate and the chairman of Ways and Means in the House, and further and finally enforced by a distinct declaration to that effect by the public advertisement proposing the loan to the people, issued by the authority and under the direction of the Secretary of the Treasury. If anything could constitute an honorable contract between borrower and lender—between Government and people—then was it a contract that the five-twenty bonds should be redeemed in coin.

The next loan bill passed by Congress was that of March 3, 1863, authorizing the borrowing of $900,000,000. This is commonly known as the ten-forty act, and it contains the special provision that both principal and interest shall be payable in coin. But this provision was never inserted by way of discrimination against the five-twenties, implying that they were

to be paid in paper currency. The origin of the provision palpably discredits any such inference. It was moved as an amendment by Mr. Benjamin F. Thomas, of Massachusetts, and it was moved to meet and repel the first covert insinuation that any bond of the United States was redeemable in anything else than coin. The chairman of Ways and Means, in apparent forgetfulness of his declaration the preceding year, had for the first time intimated that the principal of United States bonds was payable in paper money, and the amendment of Mr. Thomas, as the discussion reported in the *Globe* clearly discloses, was intended as a sharp protest against this heresy of the gentleman from Pennsylvania, and as such it was adopted by the House by a majority so overwhelming that its opponents did not call for a division.

In this connection I desire the special attention of the House to one fact of conclusive import, and it is this: at the time this ten-forty loan bill was passed, March 3, 1863, only $25,000,000 of the five-twenty loan, authorized the year before, had been disposed of. It was in the succeeding summer and autumn of 1863, especially after the triumph of the Union arms at Vicksburg and Gettysburg, that those marvelous sales of $500,000,000 were effected through the Government agency of Jay Cooke & Co. And yet the gentleman from Massachusetts would have us believe that the people subscribed for a loan of $500,000,000 that was payable in five years in paper currency, when another loan, for a larger amount, to run forty years, absolutely payable in gold, was already authorized and about to be put on the market. Such a conclusion cannot be reconciled even with the common sanity, to say nothing of the proverbial shrewdness, of those who invested their money in the five-twenty loan. Why, sir, every one sees, every one knows, that not one dollar of the five-twenty loan could have been disposed of on the understanding that the bonds were redeemable in currency, when another loan for a longer and more favorable period, possibly at the same rate of interest, for the bill so allowed, and absolutely redeemable in gold, was already authorized by Congress, and immediately to be offered to the public.

The next loan bill in the order of time was the act of March 3, 1864, which was merely supplementary to the ten-forty bill, whose history I have just reviewed. It covered the amount of $200,000,000, and, like the bill to which it formed a supplement, it provided for both interest and principal to be paid in coin. Under this bill more than one hundred and seventy-five million dollars were negotiated, partly in ten-forties, and partly in five-

twenties; by far the greater part in the former. But, as some five-twenties were negotiated under it, the gentleman from Massachusetts, even on the line of logic which he has sought to travel, will be compelled to acknowledge that they were payable in coin, and hence, according to his theory, some of the five-twenties are redeemable in coin and some in paper—a distinction which has never yet been proclaimed, and the equity of which would hardly be apparent to the holders of the same description of bonds—precisely identical in phrase, and differing only in the subordinate and immaterial circumstance of date.

The last loan bill to which I need specially refer is that of June 30, 1864, under the provisions of which the five-twenties bearing that date were issued. The seven-thirties, authorized by the same act, as well as by the subsequent acts of January 28 and March 3, 1865, were convertible into five-twenties of the same tenor and description with those whose issue was directly authorized; so that in reviewing the history of the loan bill of June 30, 1864, I shall in effect close the narrative of congressional proceedings in regard to five-twenty bonds. And the history of that bill shall be brief. It was discussed in its various provisions very elaborately in both branches of Congress. As reported from the Ways and Means Committee it was worded like all previous bonds, promising to pay so many dollars to the holder, without specifying that they were to be anything else than gold dollars, in which United States bonds had always been paid. Toward the close of the discussion James Brooks, of New York, then, as now, a member of this House, moved to insert an amendment providing especially that the bonds should be *"payable in coin."* Mr. Brooks was answered by Samuel Hooper, of Massachusetts, on behalf of the Ways and Means Committee, as follows:

"The bill of last year, the $900,000,000 bill, contained these words, but it was not deemed necessary or considered expedient to insert them in this bill. A letter from the Secretary of the Treasury gives his views upon this point:

"TREASURY DEPARTMENT, May 18, 1864.

"It has been the constant usage of the department to redeem all coupon and registered bonds, forming part of the funded or permanent debt of the United States, in coin, and this usage has not been deviated from during my administration of its affairs.

"All the treasury notes and other obligations forming part of the temporary loan are payable, and will be redeemed, in lawful money; that is, in United States notes, until after the resumption of specie payment, when they also will doubtless be redeemed in coin or equivalent notes.

"The five-twenty sixes, payable twenty years from date, though redeem-

able after five years, are considered as belonging to the funded or permanent debt, and so also are the twenty years sixes, into which the three years seven-thirty notes are convertible. These bonds, therefore, according to the usage of the Government, are payable in coin.

"The three years seven-thirty treasury notes are part of the temporary loan, and will be paid in United States notes, unless holders prefer conversion to payment.

"S. P. CHASE, *Secretary.*"

Mr. Brooks, apparently satisfied with this statement, withdrew his amendment, regarding the point as conclusively settled, I suppose, not only by the uniform practice of the Government, but by the special declaration of the Secretary of the Treasury, who immediately afterward proceeded on the basis of that letter to put the bonds on the market.

We thus find that the voice of Congress has been uniform and consistent in support of the principle of paying the bonded debt in gold. No vote in Congress, even implying the opposite theory, has ever been given; even the weighty influence and conceded ability of the distinguished gentleman from Pennsylvania failing to carry with him any support whatever when he made his surprising and unprecedented change on this question. But the public creditors did not rely solely on the declarations of leading men in Congress in regard to gold payment, nor did they rest wholly on the past practice and the good faith of the Government. They had, in addition to both these strong grounds of confidence and assurance, the more direct and implicit guaranty of the treasury department, the authorized agent of the Government, speaking *ex cathedra*, with the knowledge and assent of Congress.

I have already quoted Secretary Chase's significant declarations in his letters and his public proposals for loans, and I have now to quote one of his equally significant acts. At the close of 1862 the twenty-year loan of 1842, amounting to nearly three million dollars, fell due. Nothing was said in that loan about coin payment, and thus a grand opportunity was afforded to test the theory of paper payment. Circumstances all conspired to favor such a policy if it could be honorably adopted. Gold was at a high premium, and the Government was passing through the darkest and most doubtful hours of the whole struggle. Could there have been even a decent pretext to pay the debt in paper currency the temptation was surely great enough to resort to it, if not fully to justify it. But in the face of all the adverse circumstances; with gold very high and daily rising; with expenses enormous and daily increasing; with

resources already embarrassed and daily growing more so, and with a military situation rendered well nigh desperate by months of almost unbroken disaster, Secretary Chase decided that the faith of the Government demanded that its funded debt, falling due no matter when and owned by no matter whom, must be paid in coin. *And it was paid in coin;* and no voice but the voice of approval was raised in either branch of Congress. The course of Secretary Chase was not only honorable to himself and the country, but it was in the highest degree wise merely from the standpoint of worldly wisdom; for it created such a profound confidence in the good faith of our Government that it aided us incalculably in the negotiation of all our great loans for the war. When the Government paid its debt to the uttermost farthing at such a time capitalists at once argued that there never could come a crisis when any evasion or denial of public obligation would be resorted to. It has been reserved for the gentleman from Massachusetts, and the gentleman from Ohio, and the gentleman from Pennsylvania, jointly and severally, to propose that our Government should adopt a policy in the calm sunshine and prosperity of peace which it scorned to resort to in the terrible storms and dark adversities of war.

The course of Secretary Chase in guaranteeing gold payment on all bonds of the United States was followed, indorsed, and repeated by his successors, Fessenden and McCulloch.

In view of the uniform declarations of the treasury department, made through official reports, through public proposals for loans, and through personal letters of assurance, all guaranteeing coin payment of the five-twenty bonds, I submit that the Government is bound thereto even if there were no other obligation expressed or implied. These official and unofficial promulgations from the treasury department were made with the full knowledge of Congress, and without the slightest expression of dissent on the part of Congress. It is too late for Congress to declare now that the Government is not bound by the stipulations which the treasury department proclaimed to all lenders of money—proclaimed with the full knowledge and the full assent of Congress. Had Congress not believed or intended that the five-twenty bonds were to be paid in coin the Secretary should not have been allowed with its evident assent to so advertise; and for Congress, after this permission and warrant so significantly given, to step forward at this late day and declare itself not bound by the conditions published by the Secretary is simply to place the United States Government in the position of a man playing a "confidence game" of the meanest

description, in which the treasury department and Congress are the confederate knaves, and the whole mass of bondholders the unfortunate victims.

But now, Mr. Speaker, suppose, for the sake of argument, we admit that the Government may fairly and legally pay the five-twenty bonds in paper currency, what then? I ask the gentleman from Massachusetts to tell us, what then? It is easy, I know, to issue just as many greenbacks as will pay the maturing bonds, regardless of the effect upon the inflation of prices and the general derangement of business. Five hundred millions of the five-twenties are now payable, and according to the easy mode suggested all we have to do is to set the printing presses in motion, and "so long as rags and lampblack hold out" we need have no embarrassment about paying our national debt. But the ugly question recurs, what are you going to do with the greenbacks thus put afloat? Five hundred millions this year, and eleven hundred millions more on this theory of payment by the year 1872, so that within the period of four or five years we would only have added to our paper money the trifling inflation of $1,600,000,000. We should all have splendid times doubtless! Wheat under the new dispensation ought to bring twenty dollars a bushel, and boots would not be worth more than $200 a pair, and the farmers of our country would be as well off as Santa Anna's rabble of Mexican soldiers, who were allowed ten dollars a day for their services and charged eleven for their rations and clothing. This $1,600,000,000 of greenbacks, added to the amount already issued, would give us some $2,300,000,000 paper money, and I suppose the theory of the new doctrine would leave this vast mass permanently in circulation, for it would hardly be consistent to advocate the redemption of the greenbacks in gold after having repudiated and forsworn our obligation on the bonds.

But if it be intended to redeem the legal tenders in gold, what will have been the net gain to the Government in the whole transaction? If any gentleman will tell me, I shall be glad to learn how it will be easier to pay $1,600,000,000 in gold in the redemption of greenbacks than to pay the same amount in the redemption of five-twenty bonds? The policy advocated, it seems to me, has only two alternatives: the one to ruinously inflate the currency and leave it so reckless of results; the other to ruinously inflate the currency at the outset, only to render redemption in gold far more burdensome in the end.

I know it may be claimed that the means necessary to redeem the five-twenties in greenbacks may be realized by a new

issue of currency bonds to be placed on the market. Of results in the future every gentleman has the right to his own opinion, and all may alike indulge in speculation. But it does seem to me that the Government would be placed in an awkward attitude when it should enter the money market to negotiate a loan the avails of which were to be devoted to breaking faith with those who already held its most sacred obligations! What possible security would the new class of creditors have that, when *their* debts matured, some new form of evasion would not be resorted to by which they in turn would be deprived of their just and honest dues? *Falsus in uno, falsus in omnibus*[1] would supply the ready form of protest against trusting a Government with a new loan when it had just ignored its plain obligation on an old one.

Payment of the five-twenty bonds in paper currency involves, therefore, a limitless issue of greenbacks, with attendant evils of gigantic magnitude and far-reaching consequence. And the worst evil of the whole is the delusion which calls this a payment at all. It is no payment in any proper sense, for it neither gives the creditor what he is entitled to, nor does it release the debtor from subsequent responsibility. You may get rid of the five-twenty by issuing the greenback, but how will you get rid of the greenback except by paying gold? The only escape from ultimate payment of gold is to declare that as a nation we permanently and finally renounce all idea of ever attaining a specie standard; that we launch ourselves upon an ocean of paper money, without shore or sounding, with no rudder to guide us and no compass to steer by. And this is precisely what is involved if we adopt this mischievous suggestion of "a new way to pay old debts." Our fate in attempting such a course may be easily read in the history of similar follies both in Europe and in our own country. Prostration of credit, financial disaster, widespread distress among all classes of the community, would form the closing scenes in our career of gratuitous folly and national dishonor. And from such an abyss of sorrow and humiliation it would be a painful and toilsome effort to regain as sound a position in our finances as we are asked voluntarily to abandon to-day.

The remedy for our financial troubles, Mr. Speaker, will not be found in a superabundance of depreciated paper currency. It lies in the opposite direction; and the sooner the nation finds itself on a specie basis the sooner will the public treasury be freed from embarrassment and private business relieved from

[1] "False in one thing, false in all things."

discouragement. Instead, therefore, of entering upon a reckless and boundless issue of legal tenders, with their consequent depression, if not destruction, of value, let us set resolutely to work and make those already in circulation equal to so many gold dollars. When that result shall be accomplished we can proceed to pay our five-twenties either in coin or paper, for the one would be the equivalent of the other. But to proceed deliberately on a scheme of depreciating our legal tenders, and then forcing the holders of Government bonds to accept them in payment, would resemble in point of honor the policy of a merchant who, with abundant resources and prosperous business, should devise a plan for throwing discredit on his own notes with the view of having them bought up at a discount ruinous to the holders and immensely profitable to his own knavish pocket. This comparison may faintly illustrate the wrongfulness of the policy, but not its consummate folly; for in the case of the Government, unlike the merchant, the stern necessity would recur of making good in the end, by the payment of hard coin, all the discount that might be gained by the temporary substitution of paper.

Discarding all such schemes as at once unworthy and unprofitable, let us direct our policy steadily, but not rashly, toward the resumption of specie payment. And when we have attained that end—easily attainable at no distant day if the proper policy be pursued—we can all unite on some honorable plan for the redemption of the five-twenty bonds, and the issuing instead thereof a new series of bonds which can be more favorably placed at a lower rate of interest. When we shall have reached the specie basis the value of United States securities will be so high in the money markets of the world that we can command our own terms. We can then call in our five-twenties according to the very letter and spirit of the bond, and adjust a new loan that will be eagerly sought for by capitalists, and will be free from those elements of discontent that in some measure surround the existing funded debt of the country.

As to the particular measures of legislation requisite to hasten the resumption of specie payment gentlemen equally entitled to respect may widely differ; but there is one line of policy conducive thereto on which we all ought to agree, and that is on a serious reduction of the Government expenses and a consequent lightening of the burdens of taxation. The interest-bearing debt of the United States, when permanently funded, will not exceed $2,100,000,000, imposing an annual interest of about $125,000,000. Our other expenses, including

war, navy, the pension list, and the civil list, ought not to exceed $100,000,000; so that if we raise $250,000,000 from customs and internal revenue combined we should have $25,000,000 annual surplus to apply to the reduction of the public debt. But to attain this end we must mend our ways and practice an economy far more consistent and severe than any we have attempted in the past. Our military peace establishment must be reduced one half at least, and our naval appropriations correspondingly curtailed; and innumerable leaks and gaps and loose ends that have so long attended our Government expenditure must be taken up and stopped. If such a policy be pursued by Congress neither the principal of the debt nor the interest of the debt, nor the annual expenses of Government, will be burdensome to the people. We can raise $250,000,000 of revenue on the gold basis, and at the same time have a vast reduction in our taxes. And we can do this without repudiation in any form, either open or covert, avowed or indirect, but with every obligation of the Government fulfilled and discharged in its exact letter and in its generous spirit.

And this, Mr. Speaker, we shall do. Our national honor demands it; our national interest equally demands it. We have vindicated our claim to the highest heroism on a hundred bloody battlefields, and have stopped at no sacrifice of life needful to the maintenance of our national integrity. I am sure that in the peace which our arms have conquered we shall not dishonor ourselves by withholding from any public creditor a dollar that we promised to pay him, nor seek by cunning construction and clever afterthought to evade or escape the full responsibility of our national indebtedness. It will doubtless cost us a vast sum to pay that indebtedness, but it would cost us incalculably more not to pay it!

General Butler.—I hold that, by the letter, by the spirit, and by the justice of the contract, the five-twenties are payable in the lawful money of the United States.

Now, there are three grounds upon which the gentleman from Maine [Mr. Blaine] insists that this is not so. He says, first, by the letter of the law the five-twenties are payable in coin. Let us carefully examine that proposition. Up to the time of the issuing of the five-twenties no loan of the United States had ever been issued payable in anything else than coin. The gentleman says no loan had ever been issued in which anything was said as to what was the currency in which it was payable. Why? Because up to that time there was never any currency known to the Government of the United States other

than coin. Therefore the seven-thirties of 1861 and the 1881 sixes of 1861, with all the debt prior to the war, were, in letter and in spirit, payable in coin. Because Congress in issuing them was dealing with a condition of things and a currency then existing, and therefore the 1881 sixes are payable, according to the fair spirit of the contract, in coin. Therefore I enunciate, as my first proposition, and one that I shall endeavor to enforce on the House and the country, that every dollar of indebtment of the United States which is contracted by the acts of Congress making it payable in coin shall be paid in coin although it takes the last dollar to pay it; but every debt contracted not payable in coin shall be paid in the lawful money of the United States, such as you paid your soldiers with and such as you furnish to your citizens; such as alone is now used as money of the Government, and upon which alone you impress the image and superscription of the Government as a guaranty that it shall hereafter be made good.

Now, then, when the argument is pressed upon me that in the loan bills passed previously to the five-twenty loan nothing was said as to the currency in which the bonds should be paid, I reply that there was but one currency at the time they were passed in which they could be contracted or payable. But that state of things changed on the 25th of February, 1862. The Congress of the United States had to provide means for carrying on the war; accordingly it passed a law, the first section of which provided for $150,000,000 of legal-tender notes, the language of which, as to their validity and effect, is in these words:

"And such notes, herein authorized, shall be receivable in payment of all taxes, internal duties, excises, debts, and demands of every kind, due to the United States, except duties on imports, and for all claims and demands against the United States of every kind whatsoever"—

Except what?

"except for interest upon bonds and notes, which shall be paid in coin; and shall also be lawful money and a legal tender in payment of all debts, public and private, within the United States, except duties on imports and interests as aforesaid."

These are the provisions of the first section of the act thus creating "a lawful money," payable and receivable for every debt, public or private, known to the law or known in the United States, except what? Except interest on the bonds and notes of the United States.

Now, what does the second section provide? It authorized

$500,000,000 of bonds, registered or coupon, payable at the option of the United States in five years, and in twenty years at all events. Payable how? Let me read again, so that I may not be mistaken:

"to an amount not exceeding $500,000,000, payable in twenty years from date, and bearing a rate of six per cent., payable semi-annually."

Not a word is here said as to the money in which these bonds shall be paid, either as to principal or interest. And why? Because the very section preceding had provided that the interest of all notes or bonds of the United States should be paid in coin, and had further enacted another lawful money which should be receivable in payment of all indebtment of the United States whatsoever, except duties on imports, and interest on the public debt. Is not the principal of the debt an indebtment other than interest?

There is the plain letter of the law. I need not discuss this point further. If there is any lawyer who, reading this law without taking into consideration anything except what stands on the statute-book, will tell me that this law enacts that the principal of the five-twenties is payable in coin, then "for him have I offended," and either he is or I am so stupid as not to be worthy of an argument.

But the gentleman does not leave his proposition upon this only. The next ground he puts it on is what this or that Congressman said or omitted to say in his speech as to the currency in which this loan should be paid. And the first evidence of the contract he puts forward is that the honorable member from Pennsylvania [Mr. Stevens]—not now in his seat—did not say, at the time the act was passed, that the principal was payable in currency. Well, the gentleman from Pennsylvania sets forth, in a letter recently written by him as a reason why he did not say it was payable in currency, that he did not think anybody but a fool would think it was not. That is not my language; it is his; that is the ground he puts it on; and when he comes in he and the gentleman from Maine can fight the battle out. I am quite certain that the old man sarcastic will take care of himself when he does get here without any aid from me; and therefore I pass from further consideration of this topic.

But it is said that various speeches were made on the one side and the other, which are cited to interpret this contract. I had supposed that there is no better settled rule of interpretation of either public or municipal law, or of the law of nations,

than that nobody is bound by any portion of the negotiations or any portion of the declarations made either in regard to a treaty or a law prior to the enactment of the law or conclusion of the treaty, because the enactment settles the terms of the whole obligation, and you cannot go to the speech of this member or that member, in case of legislation, to find out what the legislation means, nor can you go to the protocols and negotiations prior to a treaty to find out what the treaty means. You must take it upon the letter, and I have never yet found any man bold enough—until my friend from Maine exhibited a degree of courage much superior to any bravery required to face Minie bullets in the field—bold enough to insist that the letter of the law did not authorize payment of the principal of the five-twenty bonds in lawful money of the United States.

The next class of arguments that the gentleman from Maine puts forward on this question is the proposals in the advertisements of those he terms the authorized agents of the United States who disposed of the loan. Allow me here to say that for contracting a national debt I know no other authorized agent of the nation but the Congress of the United States; I know no broker, whether he is in the treasury office or out of it, that has a right to fix the terms of the national debt for the United States. No man is authorized to pay a dollar of money unless appropriated by the Congress of the United States, and therefore no man can contract a dollar's debt unless authorized directly and distinctly by an act of the Congress of the United States. I agree that Mr. Jay Cooke advertised, after some sort, when endeavoring to sell it, that the principal of this loan was payable in coin; but in the same newspaper you find another of his advertisements, intended also to sell the loan, that "a national debt is a national blessing." Are we bound by contract to that? If, as the gentleman claims, we are bound by advertisements in the one case, we are bound as well in the other; and does my friend insist that Mr. Jay Cooke has bound the country to the proposition that a national debt is a national blessing to anybody except bankers? With that amendment I might agree to the declaration. When I called the attention of the country to this some little time ago Mr. Jay Cooke, for whom I have very high respect, wrote me that I was mistaken; that what he did advertise was that a national debt rightly managed was a national blessing. I am at issue with him upon that. I insist that a national debt managed any how, by anybody—the Angel Gabriel or Jay Cooke or any other body—is not a national blessing. [Laughter.] No management of a national debt can

make it a national blessing. And yet, if we are bound by brokers' advertisements we are bound to the doctrine that it is a national blessing which we must enjoy and bequeath to our posterity forever!

The next evidence which the gentleman from Maine presents in support of his contract to pay the five-twenties in gold is the declarations of Secretaries of the Treasury. Now, no Secretary of the Treasury had a right to make any declarations on this subject which can be binding on the country. The gentleman does not claim that he had; he only says that Congress stood by and saw the Secretary make declarations and did not interfere. Once for all I protest against Congress being bound by what Secretaries do or do not do that Congress does not interfere with. If you once admit that doctrine you will involve Congress in difficulties which it will take a long time and great wisdom to unravel.

But no one of the Secretaries ever has said that the contract is that the principal of this loan is payable in coin; and if there has been disingenuousness on this subject it has not been on our part, but on the part of the Secretaries in their attempts to interpret this law so as to sell the loan. The first thing said about the probability that this debt would be paid in gold was in the answer of Secretary Chase to a letter sent him from abroad—Frankfort, I believe. It was said in that letter—I do not give the words, but the substance—"It is not understood here in Frankfort that these bonds are payable in gold. If it should be so understood they would bring a much higher price." Why was it not so understood? Because a foreign lawyer reading the act would never think of such a thing for a moment. The bonds were selling—for what? For forty cents on the dollar, and that at a time when the Confederate loan was at a premium in Europe.

Now, I will not think so meanly of this country as to believe it could be supposed these bonds were payable in gold, and then were at this discount even in Europe, which was against us. And I will not think so meanly of this nation as to believe that there could have been any question in the minds of the people of Europe as to our being able to pay more than thirty per cent. of our debt in gold if such had been our plain contract and obligation. No, sir; the bankers in Europe of that day were simply betting as to whether we should pay our paper money in gold; they were betting on that proposition when they were buying our bonds at from sixty to seventy per cent. discount. They knew that every other government that had issued paper

money had depreciated it, and the question was whether we, who set out here so differently from other governments, would in the end depreciate our paper money.

This letter was sent over here as a stock-jobbing proposition to Mr. Chase. How did he answer it? Through his assistant secretary. The answer all will remember. "The Government of the United States has always paid all its obligations in gold, and it is to be presumed that it always will." It was an evasive answer—an answer tending to mislead; whether intended so to do I do not know or say.

What was the next act and declaration of a Secretary of the Treasury? Mr. Fessenden is cited. I have a bone to pick with Mr. Fessenden upon this subject. I am very glad he has been brought in here, for I should have felt some delicacy in saying a word about him, as he is a member of the other House, had not his friend from Maine [Mr. Blaine] brought him upon this floor in his capacity of Secretary of the Treasury. I can therefore deal with the Secretary of the Treasury as roughly as I please, without infringing upon the courtesy due to a Senator of the United States. Mr. Fessenden, as Secretary of the Treasury, was called upon to say whether the three-year loan treasury notes, issued in 1861, when there was nothing but gold to pay with, and for which gold was paid by the people to the Government, were payable in coin or in currency. He decided that these gold-bought and gold-contracted notes were payable in currency; and the whole of that issue, put forth at a time when there was nothing but gold as currency, for which the faith of the country was pledged, under the decision of Mr. Fessenden, had to be received by the people (who paid for it in gold) in paper, or they were compelled to convert it into such bonds as the Government chose to give them.

Mr. Blaine.—The decision in regard to the payment of the first series of seven-thirty notes was made on the 18th of May, 1862, by Salmon P. Chase, Secretary of the Treasury, in these words:

"The three-year seven-thirty treasury notes are part of the temporary loan, and will be paid in treasury notes, unless the holders prefer to exchange them," &c.

That was three months before Mr. Fessenden went into the treasury. He found the question *res adjudicata*. The gentleman is all wrong in charging this upon Mr. Fessenden. There is not the remotest foundation for his assertion.

Mr. Butler.—The House will judge whether I was wrong,

without the *dictum* of my friend from Maine [Mr. Blaine]. I did not say that Salmon P. Chase was not guilty of the same thing; I only said that William P. Fessenden was guilty of it; that is the distinction. [Laughter.] If Salmon P. Chase had broken the faith of this Government—if he had said that, although the Government had received gold in the hour of its necessity, immediately after the first battle of Bull Run, the darkest day the Government ever saw, and had pledged gold in return—for then we paid gold to meet all our obligations—if Salmon P. Chase, on the 18th of May, 1864, when called upon to say whether we should pay gold for the gold we had received, broke the faith of the Government, if he was one of those repudiators and scoundrels and knaves we hear of so glibly when we attempt to discuss this question of finance, why did not and why should not Secretary Fessenden overrule him when he became Secretary of the Treasury? If so great a wrong was *res adjudicata*, it was *res* very badly *adjudicata*, and should have been forthwith set right.

My friend does not pretend that Mr. Fessenden altered this; and when we, who believe in maintaining the faith of the nation, but not in oppressing the people with taxation, are attacked on all hands by hard words and strong inferences, and when, to get us down, we are yoked up with everybody who happens to have bad political sentiments, I would ask who was the first repudiator? The gentleman chooses to cite Mr. Chase as the promisor of this bad note. Be it so; I am dealing only with the indorser, William Pitt Fessenden. He indorsed it and acted upon it. By his decision the seven-thirty notes of 1861, issued when there was no other currency, were caused to be paid in greenbacks, and the gold-paying public creditor was obliged, for his gold paid to the Government, either to take his pay in greenbacks or convert his Government notes into bonds; and that whole loan was thus redeemed. And on what ground was this so great a wrong on the public creditors perpetrated? It was said by the Secretary that this three-year seven-thirty gold loan was a temporary loan only. Oh, then, it is right to cheat the temporary creditors of the Government, the hand-to-mouth men, who loan their hard coin for a few days to save the Government; but the long-bond creditors of the Government you must not cheat; you must let them cheat you. Is not that the proposition? Is there any escape from it? Is not that the Maine doctrine of finance, if you please? [Laughter.] My friend here from Maine [Mr. Blaine], following in the footsteps of the Secretary of the Treasury from Maine, holds it to be in the

last degree wrong if we do not pay principal and interest of our debt in gold. He invokes us, in the name of national honor, national faith, and everything else that is sacred, to save the long-bond creditor, who bought our bonds for currency, while the short creditor, who paid for his notes in coin, has lost his gold by the action of the Secretary of the Treasury from Maine. We have had many things good from Maine—among others a "Maine law"—and now we have got Maine finance. I repudiate the last, and I am afraid my State has repudiated the other [Laughter.]

The next authority adduced by the gentleman in support of his contract to pay gold for the five-twenties bonds is Secretary McCulloch. Well, if this House proposes to be bound by the financial theories of Secretary McCulloch I should hardly wish to argue this question further. But even Secretary McCulloch does not undertake to say that there is a contract to pay gold for these bonds. When asked by a foreign banker, "What is the contract as to the payment of the five-twenties?" what does the Secretary reply? Does he say that the contract is to pay in gold? Oh, no; he says that all the Government obligations that have fallen due have been paid in gold (he forgot that temporary loan), and that it is the policy of the Government to pay all its obligations in gold. I agree with him; such is the policy of the Government. But that is not the question. The question is, what has the Government contracted to do, and what is it able to do? I wish that we could pay this enormous debt in gold, or in anything else, so that we could relieve the people from taxation. You will find running all through this letter of Secretary McCulloch an evasion of this question. What is the contract by law?

When the $900,000,000 loan, commonly known as the ten-forty loan, was issued, what did the Secretary of the Treasury do? Of the six per cent. five-twenty loan (which the gentleman from Maine contends was payable in gold) he says only some $25,000,000 of the $500,000,000 authorized had been issued; yet he makes the Secretary of the Treasury guilty of the absurdity of attempting to put on the market $900,000,000 of the five per cent. ten-forty loan as a competing loan, expecting to get that taken up, when he could not get his five-twenty six per cent. gold-payable loan in principal and interest taken up. Why did he do this? If both loans were payable in gold he must have been entirely demented. But no; the ten-forty five per cent. loan was payable, principal and interest, in gold by its terms; and this same Secretary of the Treasury, through his brokers

advertised this ten-forty loan as the only one the principal and interest of which were payable in gold. And nobody objected in this House. I was not here then; but where was the eloquent voice of my friend from Maine protesting against selling this five per cent. loan upon an advertisement that it was the only loan payable, principal and interest, in gold? Why did he allow the public creditors to think that the only loan payable in gold was the five per cent. loan; that the six per cent. loan was not payable in gold? This only illustrates the fact that, in interpreting public law, we must not deal with what members of Congress do individually, but we must be bound by the statute.

MR. BLAINE.—Does the gentleman mean to say that the Government agents advertised that the ten-forty loan was the only loan payable in gold?

MR. BUTLER.—Yes, sir; I do. Certain Government agents, called the New York *Tribune*, the New York *Times*, or the New York *Evening Post*, contained that advertisement, and if the gentleman will go there he will find it.

MR. BLAINE.—Authorized by whom?

MR. BUTLER.—Authorized by the Secretary of the Treasury, so headed. It was a little difficult at that time to find out who the negotiators were. That was the advertisement. You can find it. If I had known this question was to arise at this time I would have had the advertisement to present to the House.

MR. BLAINE.—I gave the gentleman notice some days ago that I should speak on this subject.

MR. BUTLER.—True. But, while I presumed the gentleman would speak on this subject, it never entered my conception that he would make such a speech as he has. [Laughter.]

If the gentleman will tell me why it is that we are to construe this law differently from any other law I will be obliged to him. If he will inform this House why the people of this country should tax themselves to the amount of many millions ($400,000,000 is the difference this day and this hour), whether these five-twenties are payable in gold, as gold stood yesterday, or in greenbacks.

The only answer suggested is, why agitate this now. These loans are not payable now, and therefore we may wait until the twenty years are out, when we all believe greenbacks and gold will be correlative terms. I believe so, too, in twenty years; but in the meantime the interest on these five-twenties is sinking this country, the labor, the manufacture, and the commerce of this country, to a degree that even its vitality and its strength will hardly be able to meet it.

What is the rate of interest on the five-twenties? Six per cent. in gold, payable semi-annually, gold being at 140 to 145, equal to 150 and upward. That makes nine per cent.; they are exempt from State and municipal taxation, which makes from two to three per cent. more. So on these almost two thousand million of interest bonds the people of this country are paying at this day and at this hour, either by remission of taxes or otherwise, in the currency of the country, from eleven to twelve per cent. What is the consequence? They could stagger under this burden of taxes if needed to pay the soldiers; they could deal with this burden of taxes if it even were to be thrown into the sea; but the difficulty is that paying this high rate of interest on these five-twenties of from eleven to twelve per cent. causes capitalists to withdraw from legitimate business and keep their money in these bonds. See how it operates. I have my money in five-twenty bonds at eleven per cent., and I am told that I am to have gold at the end of the twenty years for the principal besides. You cannot tempt me, then, to go into any enterprise which shall not promise me more than eleven to twelve per cent. I must have much more before I will take my money out of Government securities and put it at the risk of business. And it is this high rate of Government interest which is crushing the life out of the industrial pursuits of the people. There can be no mistake about this. Look at the market reports of Cincinnati, one of the great marts of the West. No money can be got there for less than fifteen to eighteen per cent. Why? Because our capitalists get from eleven to twelve per cent, on five-twenties, and they are encouraged to hold on to their bonds and keep their money out of the business of the country; because the gentleman from Maine tells them that the Government will pay the principal in gold, although they paid but forty cents on the dollar for them when they bought them. This is the reason why this five-twenty loan is crushing our people, and why we must get rid of it at all hazards consistent with national honor and national faith, and no man asks that to be broken.

But I am told if we undertake to pay any portion of this debt in greenbacks we shall depreciate greenbacks so that they will be worthless; that there will be an inflation of prices. The gentleman from Maine riots in imagination over the picture of the payment of $200 for a pair of boots if we issue any more legal-tender notes, that is to say, notes not bearing interest.

Speaking of greenbacks, I am reminded of one thing to which I meant to have adverted: of the nation's being bound

by the advertisements by which its bonds were sold. My friend says we did not notify capitalists that we would claim the right to pay these five-twenty bonds in any other way than in coin. Why we put it upon $150,000,000 of United States notes, and thus advertised everybody we did not mean to pay them in gold. This notice was put on the back of every greenback. Let me read from one:

"This note is a legal tender for all debts, public or private, except duties on imports and interest on the public debt."

There is "*inclusio unius, exclusio alterius*" for the gentleman.

MR. BLAINE.—If the gentleman will allow me I hold the two notes in my hand, one of which contains precisely the words the gentleman has just read. But does the gentleman say that this is the lawful money authorized by the act of February 25, 1862?

MR. BUTLER.—Yes, sir.

MR. BLAINE.—I deny it.

MR. BUTLER.—Now, then, let us see. I will compare this indorsement on the note with the law which I have before me. The second section of the law reads thus:

"Shall be receivable in payment of all taxes, internal duties, excises, debts and demands of every kind due to the United States, except duties on imports, and of all claims and demands against the United States of every kind whatsoever, except interest on the public debt and customs."

MR. BLAINE.—Will the gentleman allow me to make a statement?

MR. BUTLER.—Yes, sir.

MR. BLAINE.—The act of February 25, 1862, was the first legal-tender act. It is true, the notes were made a legal tender for all debts public and private, but they were also convertible into five-twenty bonds. Now, the gentleman places himself on the ground that whatever was by contemporaneous construction lawful money the Government was bound to pay. I assert that the law for the issue of the five-twenties of 1862 was embraced in the same act which authorized the issue of $150,000,000 of legal-tender notes which were themselves convertible into five-twenties. Now, if the gentleman will stick to his own words, then the Government can only pay off these five-twenties by issuing a like amount of these same legal-tender notes, on the back of which are printed these words:

"This is a legal tender for all debts, public and private, except duties on imports and interest on the public debt, and is exchangeable for United States six per cent. twenty-year bonds, redeemable at the pleasure of the Government after five years."

Therefore, if, as the gentleman contends, these bonds are redeemable at the treasury in the kind of money which was declared a legal tender when they were issued, they must be paid in this kind of notes. In that case the treasury of the United States would be receiving five-twenty bonds at one door and issuing the legal tenders at another, and then again issuing the bonds and taking back the legal tenders, and so they would go round and round the circle.

MR. BUTLER.—And you do not think that desirable. [Laughter.]

MR. BLAINE.—Does the gentleman think it desirable to have a revolving wheel at which one class of men shall stand in a row for the redemption of their bonds, and another for a reissue of the same? Is that the gentleman's idea of finance? The gentleman adheres to the exact letter of the law.

MR. BUTLER.—The difference between my friend and myself is this: I was putting advertisement against advertisement.

MR. BLAINE.—And I law against law.

MR. BUTLER.—There is no law of this exact form, and it is not the exact form of the law or of the advertisement. I was only putting advertisement against advertisement. I will answer the gentleman, if I have time, that I do think it is desirable to have a currency, and if Congress agrees with me we will have a currency before we get through exactly like what the gentleman describes, so that when a man wants money he can give the treasury his Government bond and get it, and when he gets through using his money he can go back again and get his bond. That is exactly the thing I want, and I hope to get it if I live long enough.

MR. BLAINE.—And issue $2,000,000,000 of legal tenders.

MR. BUTLER.—I have not said I wanted $2,000,000,000 of greenbacks issued. I want only so much as will be absorbed in the needs of the business of the United States.

But this episode takes me a little way out of my course. I was upon the question whether there would be depreciation, whether there would be inflation if more legal tenders were issued to supply the wants of the country for currency, when I turned aside for a moment to speak to the question of advertisements on the back of the greenbacks.

The common idea is that there will be inflation when you

issue paper money. It is drawn from the old idea of bank circulation. A bank issued its notes without any basis except the gold basis. That gold basis was sometimes one to four. Let me illustrate: suppose there were four hundred millions of bank paper in circulation on one hundred millions of gold as a basis, then I agree it would be an inflation to issue another one hundred millions, making the relation of the paper dollar to the gold dollar as one to five. But what is a greenback? Have gentlemen considered? A dollar greenback as it stands to-day is one twenty-five hundred millionth part of the debt of the United States, secured by a mortgage upon every dollar of public or private property in the United States. Is it not that, under my theory or anybody else's theory of finance? Now, suppose we issue five hundred millions of greenbacks, and pay up five hundred millions of the interest-bearing debt of the United States, what is a greenback then? Why, it is still one twenty-five hundred millionth part of the national debt of the United States, appreciated, and not depreciated, by the amount of interest which we have saved by buying up five hundred millions of the interest-bearing debt. The way to test it would be this: suppose we could issue the whole amount and pay all interest-bearing debt at once, then the one hundred and fifty millions of customs which we have to pay for interest without getting ahead in payment of our debt at all could be directed to redeeming the greenbacks. There is a limitation on this power of issuing greenbacks, and only one, and that limitation my friend does not seem to understand. It is this: these greenbacks are non-interest-bearing notes, and therefore they can only be issued in such quantities without depreciation in fact as will be absorbed by the community to the degree that they are required for business purposes. They may be issued to the degree they will be absorbed as currency. I think that the country can bear to-day some two hundred millions more of them, not issued primarily and arbitrarily for the purpose of paying off the interest-bearing debt, but issued for the purpose of providing a currency for the country which should not be so contracted as to bring ruin, as now, upon the business interests of the country. When you have issued two hundred millions more of these greenbacks and paid your interest-bearing debt with them, have you altered their relation to property, to each other, or to gold? Are they appreciated or depreciated? Appreciated, in fact, because you save the interest on the two hundred millions which you have paid off with them; depreciated if you issue more than will be absorbed

as currency, because business men do not want non-interest-bearing notes on hand; and if they are not needed as currency they will sell them at a discount for some property that will pay interest.

Now, then, sir, let me state, for the benefit of my friend, my proposition of finance, and the House can contrast it with any other that may be better, and there will be found better I doubt not. There are now some two thousand five hundred millions of debt. Some two thousand millions of it stand in the shape of interest-bearing debt. There are nineteen different kinds of that description of debt bearing different rates of interest and times of payment. There are some five hundred millions, more or less, in various forms of non-interest-bearing debt, gold certificates, legal-tender notes, and others. Now, my proposition is that, in the first place, we should substitute greenbacks for the national bank currency, releasing to the banks the bonds which we hold as security for that national bank currency. It can be done without shock to the business of the country.

I agree, sir, that any proposition of legislation is vicious which tends in any considerable degree to interfere with the industrial pursuits of the people, but I propose we should enact in some proper form that the Secretary of the Treasury should each month retain in the treasury all the national bank bills which have been collected by the collectors of the internal revenue, or which have come through other means into the treasury of the United States, and at the same time should issue to the banks, if they desire to receive them, or to issue in payment of the interest-bearing notes which are payable in currency an equal amount of legal tenders. In a very few months, four or five, the national bank notes would be withdrawn from circulation and their place supplied with greenbacks without any shock to the business of the country, and, *pari passu*,[1] the bonds of the banks held as security for these notes could be restored to them. This proposition, sir, if carried out would put into circulation some three hundred million dollars more of national legal-tender notes without increasing that circulation, and release the country from the payment of between twenty and thirty million dollars in currency which is now paid to the national banks on these bonds, and the place of their bills would be taken by the non-interest-bearing notes of the United States without any shock to the business of the country.

What objections are urged to this proposition? The first

[1] "With equal step."

is that it would be a breach of faith with the banks. I would like some gentleman to put his finger upon any act of Congress by which we pledged ourselves for a single day longer than the good pleasure and discretion of the Congress of the United States thought best to allow this bank currency to exist. What effect would it have upon the banks? Those dependent wholly upon their circulation, which are not in fact banks of loans and deposits, would wind up, and their managers would seek some other and equally honest employment. Banks that are needed would still be banks of loan and discount, but not of circulation.

It is said that the banks furnish now the best currency this country ever saw, because it is the same in New Orleans, Boston, New York, and Chicago. But what is the currency? It is the notes of the bank. What makes them equal all over this country? It is the indorsement of the United States. So that we have come into this very remarkable position, that when a bank breaks its currency is better than when it was solvent, and sells at a slight premium. Therefore, as the United States is primarily responsible for all the circulation, we ought to supply the currency to the people and receive the profit of doing it.

But it is said that the banks really cost the United States nothing. One of the ablest bankers of them all, Mr. Jay Cooke, has undertaken to tell us that the banks pay in taxes a large amount, and therefore in equity we ought not to disturb them. Sir, if Mr. Jay Cooke or any one else will tell me of any business in this country that is not taxed and does not pay a large amount of taxes, then I will agree that the banks are not favored. Take for example a manufacturer. Take a single case, only two years ago, in the State of Massachusetts, of a manufacturing corporation of $750,000 capital and of $1,500,000 annual product of manufactured goods. It exactly divided profits with the United States. Its stockholders received two dividends of five per cent. each on $750,000, and it paid five per cent. tax on the entire amount of production, $1,500,000; so that they in fact took the United States into partnership, only the United States got all the profits, but the stockholders bore all the loss. Now, if there is any greater or more onerous burden of taxes on the banks than that, I have yet to learn where it is.

Again, it is said that this banking system is a better one than we ever had. For some purposes so it is. And it is said, further, that if we do not encourage it we shall go back to the old State bank system. No, Mr. Chairman, never, never! The day of State banks has gone by. They were always, in my poor judgment, unconstitutional; but they got themselves fas-

tened on to the country, and there was never power enough, until the necessities of the country required a new system of finance, to break off their hold. We have rid the country of them, and the Congress of the United States, ay, and the good judgment of the people, will never permit that system again to be imposed upon the country.

What is the next proposition? Why, it is said we must not interfere with the national banks because they patriotically helped us during the war. Upon that I take issue with each and every advocate of the banks. On the contrary, they helped themselves, not us. It is said they lent money to the Government. How did they do it? Let me state the way a national bank got itself into existence in New England during the war, when gold was 200, and five-twenties were at par, in currency, or nearly that. A company of men got together $300,000 in national bank bills, and went to the register of the treasury with gold at 200 and bought United States five-twenty bonds at par. They stepped into the office of the Comptroller of the Currency and asked to be established as a national bank, and received from him $270,000 in currency, without interest, upon pledging these bonds of the United States they had just bought with their $300,000 of the same kind of money. Now, let us balance the books, and how does the account stand? Why, the United States Government receives $30,000 in national bank bills more from the banks than it gave them in bills; in other words, it borrowed of the bank $30,000 in currency, for which, in fact, it paid $18,000 a year in gold interest, equal to $36,000 in currency, for the use of this $30,000. Let me repeat. The difference between what the United States received and paid out was only $30,000, and for the use of that the Government pay on the bonds deposited by the company, bought with the same kind of money, $18,000 a year interest in gold, equal to $36,000 in currency.

But the thing did not stop there. The gentlemen were shrewd financiers; their bank was a good one; they went to the Secretary of the Treasury and said, "Let our bank be made a public depository." Very well; it was a good bank; the managers were good men; there was no objection to the bank. It was made a public depository, and thereupon the commissaries, the quartermasters, the medical director and purveyor, and the paymasters were all directed to deposit their public funds in this bank. Very soon the bank found that they had a line of steady deposits belonging to the Government of about a million dollars, and that the $270,000 they had received from the

Comptroller of the Currency would substantially carry on their daily business, and as the Government gives three days on all its drafts if the bank was pressed it was easy enough to go on the street if they had good security. They took the million of Government money so deposited with them and loaned it to the Government for the Government's own bonds, and received therefor $60,000 more interest in gold for the loan to the Government of its own money, which in currency was equal to $120,000. So that when we come finally to balance the books the Government is paying $156,000 a year for the loan of $30,000. And this is the system which is to be fastened forever on the country as a means of furnishing a circulating medium!

This, only using round numbers for the purpose of illustration, is an actual and not a feigned occurrence. You will see it was a perfectly safe operation for the banks, though not a very profitable one for the Government, because they held ample security for the Government deposits in its own bonds. But the difficulty is the Government was paying interest all the while on its own deposits; and this state of facts is only rendered possible by this system of supplying the banks with circulation by the Government without interest.

The next reason advanced why we should not interfere with these banks, if I understand it, is that we are told by very high authority this system will become the banking system of the world; having inaugurated it, we are so much in love with it that all the nations will pattern after it. Let the rest of the world try it for a few years when we have done with it, and then, if the rest of the nations adopt it, we can return to it, but not till then.

Sir, am I slandering these institutions? Are they not making money at a rate which is beyond all precedent. Let me state another case, which might be an actual case, and perhaps I could call the name of the man. A very shrewd man takes his $100,000 and goes to the treasury and obtains bonds; he then gets a banking charter, and receives his bills amounting to $90,000; then he buys with those same bills $90,000 worth of bonds, and comes home and sits in his office, and that is his bank, and his money is all in circulation. Says he: Why should I trouble myself to lend my money to the farmers around me on sixty-day notes when I can lend it at from ten to twelve per cent. on long twenty-year Government bonds, and Mr. Blaine says I am to be paid in gold for them; that is as good banking as I want to do; the bills never come home; they are

going all over the West and South, and I am getting $22,800 interest on my original $100,000; what do I want more? I am comfortable and happy; I think this "banking system is the wisest one the world ever saw, and that it ought to be adopted all the world over."

But let us take the banks' own exhibit of themselves. I hold in my hand the abstract of reports of national banking associations for the 1st of October last. Let us see their condition. They have $419,000,000 of capital stock paid in; they have been in operation on an average of less than four years; they have divided from twelve to twenty per cent., about twelve in New England and from fifteen to twenty per cent. where money is scarcer and the rate of interest ranks higher. In addition to these dividends, take their own statement: "surplus fund, $66,000,000; undivided profits, $33,000,000"; showing that they have got, after all these dividends, near twenty-five per cent. surplus of that capital stock laid away. What other business, taxed or untaxed, if any untaxed business can be found in this country, will allow a yearly dividend of from fifteen to twenty-five per cent. and a surplus accumulation in four years of twenty-five per cent. on the capital? And from whom and from where do these profits come? They come ultimately from where all taxation, all profits, all productions must come, the labor of the country and nowhere else; and we are asked here to perpetuate a system which takes these immense profits from the labor of the country and puts them into the hands of capitalists without a pretence of adequate benefit received by the people.

Why, sir, it is an axiom in finance, if there are any axioms in finance, that any business which is safe should have small profits, and business that is hazardous should have large profits; but here the state of things is reversed; the banking business, which, if well conducted, is the safest business on earth, and which heretofore has always been content with small profits, is now the most profitable of all businesses, and has the largest returns without any risks.

Every member of this House can argue these propositions for himself better than I can argue them for him. It is my part only to suggest the topics upon the question of currency. I insist, as my first proposition, that there should be this change in bank circulation, and by that means we would diminish our interest-bearing debt $300,000,000 by redeeming it with the greenbacks we should thus issue.

We have to-day in circulation in various forms in round numbers $759,000,000. A portion of it, I agree, is locked up in

banks; fifteen per cent. in the country, and twenty-five per cent. in the city banks as their currency for the redemption of their bills; a procedure the wisdom of which I have yet to be taught, because the United States is the final indorser and payer of all their bills. I do not see how it makes it any safer to lock up fifteen to twenty-five per cent. of the indorser's notes for their redemption; and I desire some of the able bankers in this House to explain to me what good result is hoped for from this smothering of a portion of the national currency, which the banks take care, however, shall be interest-bearing to them.

I will suggest a reason why that requirement was placed in the statute book. There was a lingering idea in law of the old specie basis, and of getting an equivalent in its place. Legislators seem to have forgotten that we had wandered away from the specie basis; that they were putting in its place but the notes of the United States to redeem notes of the United States. If we can release, therefore, the whole circulation of about seven hundred million dollars, perhaps that will relieve the present contraction in the currency.

We are told that we must preserve the national banks, because if we do not there will be nobody to circulate our money. Let us examine that a moment. If money will not circulate it is because nobody wants money. My anxiety is to provide the people with money that they do want and will circulate, not with money they do not want. I have never yet seen any man who has refused the notes of the United States when the Government has paid them out. When I find such a man, I will agree to charter a bank for the purpose of forcing them upon him, and not until then.

The truth is that at the present hour the country is suffering from the want of those very notes. We have nominally some seven hundred and fifty millions of currency, but actually only about five hundred and fifty millions in circulation. Mr. Chase reported the circulation of this country before the war, including gold, to be about four hundred and seventy-seven million dollars. Now we have only $550,000,000 in actual circulation, though we are doing more than three times the business calling for the use of cash that we were doing before the war. During the ten years from 1847 to 1857 the deposits and circulation of the banks averaged about thirteen dollars per man. Now, on account of our doing so much more of our business for cash, the deposits and circulation of the banks are about twenty-four dollars per man. And, if you take into consideration the currency furnished by the United States, the $300,000,000 of

greenbacks, or about that sum, you will find that it is about thirty-four dollars per man, reckoning thirty-six million people in the United States. This shows that we require in our business three times, or certainly two and a half times, as much cash as before the war. Everybody knows this to be fact.

How was it before the war with the Eastern manufacturer? He sent to New Orleans and bought his cotton, giving drafts for six or eight months. The merchant in New Orleans came East and bought the manufactured goods, giving his notes for from six months to a year; and all the cash that was wanted was enough to settle up the balances.

And now, when we send out for cotton we must send out greenbacks, because of the change in the mode of doing business; and we have a currency that stands at par there, and for what they want from us they must send the greenbacks. Everyone knows that the business of this country is done twice or thrice as much in cash as it was before the war; and therefore I think this country will bear from eight hundred to a thousand million dollars of circulation without redundancy as soon as business revives, and that will make it revive. But my friends say "that may be too much." Perhaps it may be; but it is very easy, it seems to me, for us to have that amount of circulation without redundancy; and as each legal-tender note is, as we have seen, a part of the debt secured by mortgage of the whole property of the United States, without depreciation.

Our debt now is $2,500,000,000, about $2,200,000,000 of it interest-bearing. Suppose we issue our legal-tender greenbacks, as I will call them for convenience, and buy up or redeem our interest-bearing debt that is due to the amount of $1,000,000,000. Then our debt stands, $1,000,000,000 of non-interest-bearing debt and $1,500,000,000 of interest-bearing debt. Now, if that $1,000,000,000 of circulation is too much, *i. e.*, more than is needed for currency, I agree with the gentleman from Maine that it will be depreciated. But what is too much? Too much is more than will be absorbed as currency in the business of the country. That is to say, if because of an over-issue by the Government there is an accumulation of non-interest-bearing notes, greenbacks, in the hands of any man, they are not productive, and he will dispose of them at a discount, if he can do no better, for something that is productive. The only question as to redundancy, therefore, is whether the notes in his hands are worth more for use in his business as currency than they would be to him if invested in a loan to the Government. Now, then, I propose that for $300,000,000 of this non-interest-bearing debt

we shall issue an interest-bearing loan at once which shall be that exact loan which my friend from Maine yesterday thought would be so absurd—a loan bearing a low rate of interest and convertible and reconvertible into greenbacks at the pleasure of the holder at any day and at any hour.

Let us see how such a loan would operate. A man has more money than he wants to use. He with such a loan can go to a public depository, leave his money and take his bond. Then when he wants his money again he goes to the depository, leaves his bond and takes his money for his bond, principal and interest; that is to say, when the non-interest-bearing note of the United States is worth less to a business man than his bond he will exchange it for this bond; when the notes as currency are worth more to him to use in business or speculation than the investment he will return the bond and take the currency. Thus, without any banks to push out the circulation just when it is not wanted or draw it back just when it is wanted, as the practice now is, we shall have an automatic financial system, self-regulating, or rather regulated by the great law of supply and demand, the best of all regulators. When money is wanted by the business community up to the amount of notes issued by the United States, it will be at once got; when it is not wanted, it will be returned to the Government, which being a borrower for a long series of years to come will be glad to take it. There can be no redundancy, because every man will know exactly where to place these non-interest-bearing notes when he has got through with them as money. When money is wanted at the West to move your crops in the fall you take it from the treasury and move the crops; when you get through with the money you take it back to the treasury and get the bonds, in the same manner as when you have got through with your wagons you put them back in your barns for use next year. Thus the whole monetary system of the country will go on without redundancy and without shock and without inflation.

More than that, sir, as I believe I demonstrated yesterday, it will be impossible to have inflation, because this currency being convertible and reconvertible from time to time, and being always an integral part of the public debt, it will never change its relative value to the property of the people of the United States. Why, sir, what is the measure of the value of your house? If it is worth $10,000 it is ten thousand twenty-five hundred millionth parts of the public debt; and it will remain so until a portion of that debt is paid, when it will be appreciated, or until the public debt is expanded, when it will be depre-

ciated. It will remain of exactly the same relative value however much the form of the public debt be changed, but will always be more valuable as the public debt grows more valuable, *i. e.*, as it diminishes.

Now, sir, if I am right, and if the country will bear this thousand millions of non-interest-bearing notes as currency—and if it will not, the good judgment of the Ways and Means Committee and the Committee on Banking and Currency will settle that for us on full examination, so that I certainly may use that sum for illustration in so far as it will bear it—so far will it diminish the interest-bearing debt. You will, therefore, bring the interest-bearing debt down to $1,500,000,000, where it can easily be managed. It is said you must not pay these five-twenties in greenbacks? Why, sir, you will never need to pay them in greenbacks.

What shall you do, then? You should issue a loan on long time, at a low rate of interest, thirty or fifty years, with the proceeds of which to redeem them or to be exchanged for them. For, sir, I am not for this generation paying all this debt. I think we had done our share when we contracted it. [Laughter.] We ought to leave it to our children to do theirs by paying it. I see gentlemen smile. But, sir, in all solemnity, when we contracted this we contracted it with the loss of the best blood of the nation and the loss of the best lives we had; in suffering, in sorrow, in labor, in woe, amid horrors unnumbered, to save this great experiment of government, republican in form and freedom for all, for them and for our posterity forever, and they owe us some debt of gratitude for that so great a boon; and should we who bore all the suffering and agony bear also all the taxation consequent upon this great work?

I say, then, let us change these $1,500,000,000 of interest-bearing debt into a long loan—a taxable loan, taxable by State and municipal authorities. But some friend of mine may say that if we make the loan taxable by States the States will tax the loan out of existence; that there may be some State hostile to the general Government which will tax the loan out of existence. I beg his pardon; such hostile taxation will only tax the loan out of that State, and deprive the citizens of that State of a profitable and desirable investment, which will be taken up by citizens of other States where it is not so taxed.

There are some disadvantages in a taxable loan worthy of examination. Let us consider them. It is said that no government ever allowed another subordinate government to tax its loans. True, but there never was before any government, like

ours, having a complex government of States and a national Government over all and the people the same in both and each.

It is said that what States get by taxing the loan to carry on their municipal governments the general Government loses. But is this so? The people have to pay the taxes to sustain both State and national governments. So what the people lose as citizens of the United States because of taxation of the loan they gain as citizens of the State by taxation; for the people at last pay all, lose all, and suffer all. If it be said that there will be inequality of taxation it is answered again that unjust taxation, too burdensome, will only drive the loan out of such State, so that in practice there can be no inequality.

Another objection is that you cannot sell a taxable loan at so high a price. Why not? Because it will depreciate because of taxation. It will depreciate, however, exactly according to the amount levied upon it by taxation. Be it so. Who gets the benefit of that taxation? Why, sir, the people. All that it depreciates because of taxation, being received back from the taxes, will relieve the people from so much taxation. If in some States the loan is taxed more than in others there will not be any unequality, because such excess of taxation will only send that form of investment out of that municipality.

There is another objection to a taxable loan, namely: that it is a form of investment easily to be concealed from taxation. But it cannot any more easily be concealed as an investment than can notes, bonds, or money in all shapes. Let me ask you what is the operation to-day of your five-twenty non-taxable loan. A capitalist has money which he is using in his business, and he sees the assessor coming round. He goes into market and puts his money into Government bonds. The assessor calls, the man has no taxable property, the assessor passes by, and the next day the artful dodger sells his bonds for the money, and goes on speculating. He saves the taxation, and next year he repeats the operation.

These are, I understand, some of the objections to taxable loans. But it has also its advantages. In the first place it puts the wealth of the country and the labor of the country upon an equal footing as to taxation. It compels the surplus wealth as well as the industry of the country to be taxed.

Another advantage of a taxable loan is that it relieves the public debt from an apparent injustice. And it is of no consequence how small the injustice is, for the people feel an unjust burden, however light, more than a just burden, however heavy.

Still another advantage is claimed for a taxable loan. It

has been held by many financiers—I do not claim to be enough of a financier to give an opinion as to the merit of the claim, but each gentleman will settle the question for himself—that it is a great advantage to borrow money abroad, in the various markets of the world, at low rates of interest. Therefore we find our canal and railroad companies and all great enterprises attempting to place their bonds in Europe. If that is good financiering, what is the objection to our national loans going abroad, provided we get back the money for them? The principal objection has been found to be that, whenever there is war or rumor of war abroad, a financial panic is created there, our bonds come home for realization and interfere with our money relations and unsettle our business. But, if our bonds were taxable for State or municipal purposes, they would not of course be taxable abroad, and would then stand from ten to fifteen per cent. higher there—perhaps twenty or twenty-five per cent. higher—no man can tell, until the theory is reduced to practice, how much higher than at home; and the holder abroad, having to consent to so great a sacrifice before he could realize on them, would not be very likely to send them home upon us, which is the greatest danger now to our finances whenever there is the slightest financial trouble in Europe.

Such a taxable loan held abroad would be kept there steadily. If, however, any great trouble should happen in Europe so that the bonds would be sent home at all hazards, they would come at such low rates as to be economically and readily bought up here, and our people could afford to take them even with the burden of tax upon them.

Therefore, I have no doubt that a loan of $1,500,000,000 for thirty or fifty years could be placed to-morrow at five per cent. if taxable, with which to get the money to redeem the five-twenties or in which to exchange them, and thus save millions of taxation. I should prefer, so far as I am advised, until I hear further debate, that such bond should be a taxable one of five per cent., or three and sixty-five hundredths sterling, if untaxable. Either would sell, in my opinion, to-morrow at as high rates in the markets of Europe as does our five-twenty loan now, while they would not interfere with the ability of this country to pay its debts or keep our loan down both at home and abroad. Our loan does not now sell at a discount because anybody doubts the ability or willingness of this country to pay every dollar it has contracted.

A MEMBER.—Nor its willingness?

MR. BUTLER.—Nor its willingness. Nobody doubts that.

I am obliged to my friend for the suggestion. I think I can convince the House that nobody doubts its willingness. What are our gold certificates—$14,000,000 of them—only promises of the United States to pay in gold on demand? And yet they are at a little premium over gold, both at home and abroad, because they are more convenient to handle. If anybody feared the willingness of the United States Government to pay according to its promise or doubted its ability, why should not these gold certificates go below par? It is because all people understand that, when we promise to pay in gold by a contract—which my friend from Maine [Mr. Blaine] does not need to argue is a gold contract, or the legal intent of which my older friend from Pennsylvania [Mr. Stevens] does not need to explain to us hereafter—when it is on the face of the certificate, "payable in gold on demand," then that promise is above par. This pledge of the Government causes that note to stand better than gold in the markets of the world to-day.

Nay, more, our ten-forty, five per cent. bonds, having six years only more to run before the Government has the option of paying them, and therefore hardly to be considered as a funded debt, are selling now within one or two per cent. of some of the five-twenty six per cent. loans, payable in gold according to the argument of my friend from Maine. What makes the difference? On five-twenties there is one per cent. interest due more than on the other. Why do they come so near to each other in price? It is because no man can read the statute book and doubt that the one is payable in gold and the other in lawful money of the United States. Therefore I repeat that in the markets of the world there is no doubt, as there is none in any man's mind, of the willingness or the ability of the United States Government to perform its contract. But the doubt is as to what is the contract—whether it is a contract of Jews and sharpers or it is a contract of the Congress of the United States.

But I am met right here again with the proposition. Why stir this now? Since I began my speech half a dozen gentlemen, some friendly and some unfriendly, have tipped me on the shoulder and said, "Now, Mr. Butler, what is the use of making a fuss about this now? Why not let these bonds run twenty years and by that time gold and greenbacks will be the same? Why disturb the matter? What are you getting up this row for?" [Laughter.]

A MEMBER.—A sensible question. [Laughter.]

MR. BUTLER.—Yes, very sensible, and I am going to answer

it in a sensible manner; and the answer is this, that these five-twenty bonds are on eleven to twelve per cent. interest, and they will double oftener than once in eight years; and if we let them go on for twenty years the people will have to pay them twice over in interest, and then owe them still. That is the answer. Is there not good sense in that, now? [Laughter.] The reason why I am anxious about this now is that it is our urgent, pressing duty, not to be shunned or avoided, to relieve the people from the burden of this great weight of taxation.

Let me restate it so that nobody will forget it. At the rate of interest we are paying these bonds double once in six years; at six per cent. they double once in eleven years, and with the tax making eight per cent. they will double once in about eight years. Set down the figures and when you find out let me know how the figures read.

RUFUS P. SPALDING [O.].—The gentleman is mistaken.

MR. BUTLER.—When do you say they will double at eight per cent.?

MR. SPALDING.—Once in about twelve years.

MR. BUTLER.—Six per cent. in gold, with the tax off, is equal to eight per cent. semi-annually at compound interest, and it will not double under twelve years! I do not know anything about figures in Ohio, but figures in Massachusetts do not bring out that result. [Laughter.]

MR. SPALDING.—We have had enough of that sort of wit.

MR. BUTLER.—I presume you have had enough, sir.

MR. PRICE.—Will the gentleman yield to me just a moment?

MR. BUTLER.—Certainly.

MR. PRICE.—I presume the gentleman from Massachusetts means to be correct.

MR. BUTLER.—Yes, I try to be, exactly.

MR. PRICE.—And to place upon record facts in reference to those things about which he talks.

MR. BUTLER.—Yes, sir.

HIRAM PRICE [Ia.].—The gentleman said a moment ago that the difference between ten-forties and five-twenties was one per cent. I was satisfied in my own mind that was a mistake and on referring to the document I find that on the 20th of November five-twenties were 108 and ten-forties 102 3/8.

MR. BUTLER.—Has the gentleman read quotations of the lowest five-twenties and the highest ten-forties?

MR. PRICE.—I read those of 1862; I have not read the list.

MR. BUTLER.—Ah! that will not do, if you please, those of 1865 are lower. [Laughter.]

MR. PRICE.—Well, I will give them all if the gentleman wishes it.

THE CHAIRMAN.—Does the gentleman from Massachusetts yield further to the gentleman from Iowa?

MR. BUTLER.—Oh, certainly; I yield to everybody in this discussion.

MR. PRICE.—I do not wish to encroach on the gentleman's time.

MR. BUTLER.—It is no encroachment.

MR. PRICE.—The statement made was evidently incorrect, I presume unintentionally so, and I thought it best to put the gentleman right.

MR. BUTLER.—Now, will the gentleman take one or two things into this calculation and then I will stand corrected. He read from the quotation in the newspapers. Will he tell me how long before the coupons of the five-twenties are payable and how much interest is due, whether they are "flat," to use the language of the broker's board, and how long before the coupons of the ten-forties are payable? If he will make the calculation he will find this statement to be correct, and I am ready to meet him anywhere upon it; he will find that between the lowest class of five-twenties and the highest class of ten-forties there is less than two per cent. difference.

MR. PRICE.—Does the gentleman want an answer to that?

MR. BUTLER.—Certainly.

MR. PRICE.—I need not say to the gentleman, I presume, nor to any gentleman in this House, that the coupons of the bonds that I have quoted were paid the 1st day of this month, and consequently there is only the balance of this month's interest due on them, and therefore they are "flat." Everybody knows about the ten-forties. The interest was paid on the five-twenties that I have quoted on the 1st of November. Before that they were selling at 113 and a fraction, and as high as 114. With the coupons cut off the 1st day of the month they are selling at 108, according to the quotations of the board on the 26th instant (yesterday), and ten-forties from 102 1/8 to 102 3/8. I give you the largest quotations for ten-forties, and the benefit of the doubt if there is any.

MR. BUTLER.—I am always glad to be corrected, but I must still maintain my position. I may be wrong, but I must insist on the position until I am better advised than I have been yet. Is the discussion of this grave question to be decided by an accidental difference yesterday of one or two cents upon this class of securities?

Isaac Newton once said he occupied himself in his great studies by picking up pebbles on the shore of the great ocean of truth; but I have never heard that he selected the very smallest ones.

I was about saying, when I was interrupted, that the objection has been made that we shall never return to specie payments under this system. Let us be definite. What do gentlemen mean by "returning to specie payments"? Do they mean returning to the state of finances that existed before the war? That is, when this Government collected its dues in gold, and paid its debts in gold; and when people had a currency based on gold, but which never could be redeemed in gold? If they mean to return to that state of things I respectfully submit that for the present it is impossible.

It is impossible for this reason: we had a specie-paying Government from the time the sub-treasury law went into operation down to the war, that is, the Government collected all its dues in gold, and paid all its debts in gold; and all the money needed for governmental purposes collected and paid out was from about thirty to sixty million dollars from year to year, before 1860 running up at one time, I believe, to seventy-odd million. I am now using amounts bearing almost exactly correct relation to each other by way of illustration, and I hope no gentleman will hunt up an old newspaper to show that I am not right within two or three dollars. During the same period there was from about ninety to two hundred and ten million dollars of specie in the country. In other words, it took for governmental purposes alone about one-third of all the specie in the country. We all remember that whenever there was any hitch in governmental operations so that gold accumulated in the sub-treasury it disordered all our monetary affairs and produced financial crises.

In 1857, when some ten million gold had thus accumulated, it was deemed so disturbing an element in the commerce of the country that Mr. Cobb, then Secretary of the Treasury, paid thirty per cent. advance for the bonds of the United States in order to relieve the money market by putting out the accumulated gold in the treasury.

It took then one-third of all the gold in the country to carry on the Government business, and we could hardly get around at that. We now have from two hundred to two hundred and twenty-five million dollars of gold only, so far as is known, in the country. The Government is using every year for its operations some three hundred and fifty million dollars. If the

Government could not get around without disturbing the finances in collecting its dues and paying its debts in gold before the war, using only one-third of all the gold in the country, how can it now get on with its operations, requiring $350,000,000 to be taken out of $225,000,000, which is all the gold now in the country, not allowing anybody else to use a dollar? It is therefore entirely impracticable for the Government to carry on its great operations of $350,000,000 upon a gold basis, wholly irrespective of the question of the credit of the Government or its ability to command all the gold in the country. It might indeed carry on its operations partly in gold and partly in paper, but that is not a return to specie payments by the Government. But it is as utterly impossible at the present time for the Government to carry on its operations on a gold basis, in the manner in which it did before the war, as it is to make three hundred and fifty go into two hundred and twenty-five and have a remainder over, which, I take it, is impossible by any figures out of the State of Ohio. [Laughter.]

In my judgment, all talk about returning to specie payments in July, 1868, or any other period in the immediate future, is illusory and vain. How are we to get back to specie payments? In the first place, by reducing your taxation, stimulating your industry, raising your productiveness, bringing down the expenditure of the Government, specially the first and great expenditure and burden over all others—the taxation for the purpose of paying your doubly exorbitant interest on the public debt as now constituted.

Reduce your interest-paying debt as you may to some one billion five hundred million dollars, and then fund this at five per cent. at highest, even with taxation. This will call for $75,000,000 as interest of the public debt annually; or fund it at three and sixty-five one-hundredths per cent. sterling if untaxable, as you may, and that will make only some fifty-five millions as interest, and there will then be some $60,000,000 to $85,000,000 of gold coming in at your custom houses to help pay the expenses of the Government, after paying up the interest on the debt.

Then enforce faithfully and justly the collection of a judicious taxation on but two articles of luxury, whisky and tobacco, and you may release every other interest from taxation, and the land shall blossom as the rose, and the hum of productive industry give sweet harmony to the delighted ear.

Leaving financial matters as they now stand, you never can go back to specie payments. Get back to specie payments!

How is it proposed to be done by the Secretary of the Treasury? Why, in order to do that he asked Congress to aid him—to sell our bonds in Europe; and he came before Congress asking authority to deposit gold in Europe to pay the interest there, so that he might sell more bonds there. When he sells those bonds in Europe, what does he get for them? Seventy cents or thereabouts on the dollar. What is specie payment? Paying one hundred cents. How is he going to be able to pay one hundred cents on what we owe now? By making new debts at seventy cents? I would like somebody skilled in figures to cipher out that problem.

But the matter does not stop there. If the Secretary of the Treasury got even gold for his bonds he would have something to show. But what are those bonds sold for? They are sold abroad to meet the balance of trade. What does that mean? It means to pay the balances owing for broadcloth that we wear, for brandy that we drink, for cigars that we smoke. What would be thought of a financier who should insist he was getting solvent selling his notes at seventy cents on the dollar in order to buy broadcloth, brandy, and cigars? Who would insist such a one was a good financier? Yet this is the exact system upon which the finances of this country are being carried on to-day.

You may consult upon your tariff bills till you are blind; your Committees of Ways and Means may fix up schemes of protection for home manufactures till they are weary, but they will afford no protection to American industry. Why? The bankers and merchants of Europe never expect Government loans there to be paid. Most of the governments of Europe have irredeemable loans, the interest of which only is ever to be paid. Now, with the rate of interest two per cent. at Antwerp, two per cent. at London, one and three-fourths per cent. at Frankfort, two and one-fourth per cent. at Paris, our bonds are eagerly snapped up; foreign agents come over here to get them. With the discount of thirty per cent. on our bonds bearing six per cent. gold interest, they can always undersell us, and vitiate any tariff that we choose to pass. We are thus dealing with them in manufacturing at home with thirty per cent. against us. Nay, more; suppose there are two manufacturing establishments, one in this country and one in England, the two establishments equally well managed, both manufacturing the same article and making exactly the same profit; the English manufatcurer can make a ten per cent. dividend, while our manufacturer is losing money. Why? Because the capital of

the English manufacturer costs him but two per cent., while with our high rate of interest, reduced by our Government rate on the five-twentieths, the American manufacturer's capital costs him twelve per cent.—a difference of ten per cent., which should be a sufficient dividend for any well-conducted business that was not a national bank.

Under such circumstances we cannot compete with the foreign manufacturer. It is useless for my friends from New England and my friends from Pennsylvania to ask for a tariff on their manufactures; it is useless for my friends from the West to ask for a tariff on their wool so long as this great difference in money is against us. Why, my friends from the West thought that, if they could only get a tariff on wool, wool would go up, command a fair price, and the farmer should get pay for his labor. They got all the tariff they asked, and I am glad they did. But the more tariff they got, the more wool went down. Am I not right? Was wool ever so cheap as it has been this year, since we have put a duty on it? Why? Because of this difference between this country and abroad in the rate of money, our taxation and the discount on our bonds entirely neutralizing any tariff for the protection of the East or the protection of the West.

There are some things we must do. They are the pressing duties of the hour. First, we must stop this contraction of the currency now going on. It has been contracted at least $100,000,000 in the last year. Some men say only $48,000,000, or $4,000,000 a month. But $77,000,000 of compound-interest notes must be reckoned in, and the contraction of the currency will in fact be found to be more than $100,000,000. Secondly, we must have the gold hoarded in the treasury of the United States sold at public auction at stated periods of time, so all may know when, except of course enough, with the receipts from customs to meet the interest on the gold-bearing debt. Thirdly, we must repeal the immense number of discretionary powers with which the exigencies of the war caused us to clothe the Secretary of the Treasury. The treasury of the United States should not be left in the power of any one man. It is of no consequence who that may be. Whenever the Secretary of the Treasury has discretionary powers he may exalt this man's property and decrease that of another; he may issue this loan and take in another. He holds the business of the country in the hollow of his hand. I by no means mean to make any charges of corruption or favoritism against anybody. Following his views of finance, the present Secretary of the Treasury

has done his duty. But I say it is a dangerous power, one given in consideration of the exigencies of the war. The war now being over, the Congress of the United States, to whom the Constitution has wisely trusted the finances of the Government, should enact a positive law, not to be swerved from by the Secretary of the Treasury upon any pretence whatever, declaring exactly what shall and what shall not be done with the finances of the country. These three measures are of pressing necessity and imperative for prompt relief. When they are carried out, when the gold is sold and bonds paid with the proceeds so as to relieve greenbacks and send them back into circulation, when this discretionary power which may or may not be exercised improperly is taken away, and when the banks are brought back to their position of banks of loan and discount, then the country will be relieved. Then after full and fair discussion you will see exactly the amount which our country will absorb in non-interest-bearing notes of the United States, and fix that amount. Then consolidate the nineteen different kinds of loans and securities we have now into one long taxable loan of the United States that shall be a consolidated funded security known by all the people, exact in its terms, plain in its contracts, and unoppressive in its rate of interest. Then shall the country resume its onward march of prosperity.

GEORGE F. MILLER [Pa.].—I should like to put this question to the gentleman from Massachusetts: taking for granted that by a legal construction of the statutes allowing the issue of five-twenty bonds the principal was payable in lawful money, which, of course, would include greenbacks, yet if the Secretary of the Treasury, believing that the principal as well as the interest was payable in coin, and he and others who had charge of disposing of them represented to the public that such bonds (principal and interest) were payable in gold, and thus inducing capitalists and others to vest their money in such securities at a time the country was in peril and funds were needed to carry on the war to put down rebellion, would it not be bad faith in Congress now to refuse to sanction the payment in coin?

MR. BUTLER.—The question is fairly put, and deserves a fair and candid answer. The answer I make to it in the first place is this: That the Secretary of the Treasury did not believe these bonds were payable in gold, had no right to give any such assurance, and no man had the right to rely on such terms. Secondly, that we here, as the Government of the United States, are standing as trustees between the people of the United States, the debtor, and the bondholder, the creditor, and we have no

right to administer that trust upon any equitable considerations not clearly arising out of the terms of the contract, or upon any chivalric notions of honor, but exactly according to the words and spirit of the contract creating the obligation. We have no more right than a guardian would have to pay what he supposes might be an equitable debt of his ward, or an executor to exercise his notions of honor by paying out the funds of his trust against the protest of the creditors of the estate or the legatees.

MR. MILLER.—One question more. Is there any other obligation upon the United States but that of an equitable one? The United States being a sovereign cannot be sued.

MR. BUTLER.—The United States Government is bound by its laws to the same extent as the humblest individual; and it makes no difference as to its obligations that there is no court in which to enforce its contracts except this highest court, the Congress of the United States.

CHAPTER XIII

CONTRACTION OF THE CURRENCY

Report of Hugh McCulloch, Secretary of the Treasury, on Contraction of the Currency, Payment in Gold of Bond Interest, Etc.—Gen. Robert C. Schenck [O.] Introduces in the House Bill to Prevent Further Reduction of the Currency by Retiring United States Notes; It Is Opposed by James G. Blaine [Me.], Gen. James A. Garfield [O.], *et al.*; Passed—Debate in the Senate: in Favor, John Sherman [O.], William M. Stewart [Nev.], John B. Henderson [Mo.], Oliver P. Morton [Ind.], Timothy O. Howe [Wis.]; Opposed, Justin S. Morrill [Vt.], Henry W. Corbett [Ore.], William P. Fessenden [Me.], George F. Edmunds [Vt.], John Conness [Cal.]; Bill Is Passed with Amendments; House Refuses to Concur, and Bill Is Passed by Both Chambers without Amendments; It Becomes a Law Without Signature of the President.

THE report of Hugh McCulloch, Secretary of the Treasury, which accompanied President Johnson's message of December, 1867, is one of the most notable documents in the economic literature not only of the United States, but of the world. It deals with the principles not only of money, but also of taxation, in profound yet luminous fashion.

It was, in particular, a defence of the Secretary's persistent policy of contracting the currency on every opportunity afforded him under the law, and, connected with this, of paying in gold the interest of all Government bonds, whether or not such payment had been specifically promised in the law authorizing their issue.

MCCULLOCH'S REPORT

[ABRIDGED]

During the month of September, 1865, the army having been reduced nearly to a peace footing, it became apparent that the internal revenues and the receipts from customs would be

sufficient to pay all the expenses of the Government and the interest on the public debt, so that thenceforward the efforts of the Secretary were to be turned from borrowing to funding. Besides the United States notes in circulation, there were nearly $1,300,000,000 of debts in the form of interest-bearing notes, temporary loans, and certificates of indebtedness, a portion of which were maturing daily, and all of which, with the exception of the temporary loans (which, being in the nature of loans on call, might or might not be continued, according to the will of the holders), must be converted into bonds or paid in money before the 16th of October, 1868. The country had passed through a war unexampled in its expensiveness and sacrifice of lives; it was afflicted with a redundant and depreciated currency; prices of property and the cost of living had advanced correspondingly with the increase of the circulating medium; men, estimating their means by a false standard of value, had become reckless and extravagant in their expenditures and habits; business, in the absence of a staple basis, was unsteady and speculative, and great financial troubles, the usual result of expensive wars, seemed to be almost inevitable.

It was under such circumstances that the work of funding the rapidly maturing obligations of the Government and restoring the specie standard was to be commenced. While the latter object could not be brought about until the former had been accomplished, it was highly important that the necessity of an early return to specie payments should never be lost sight of. At the same time it seemed to the Secretary that a return to the true measure of value, however desirable, was not of sufficient importance to justify the adoption of such measures as might prevent funding, and injuriously affect those branches of industry from which revenue was to be derived, much less such measures as might, by exciting alarm, precipitate the disaster which so many anticipated and feared. Thus the condition of the country and the treasury determined the policy of the Secretary, which has been to convert the interest-bearing notes, temporary loans, etc., into gold-bearing bonds, and to contract the paper circulation by the redemption of United States notes. For the last two years this policy has been steadily but carefully pursued, and the result upon the whole has been satisfactory to the Secretary, and, as he believes, to a large majority of the people.

There is not, in the opinion of the Secretary, any insuperable difficulty in the way of an early and a permanent restoration of the specie standard. It may not be safe to fix the exact

time, but, with favorable crops next year, and with no legislation unfavorable to contraction at this session, it ought not to be delayed beyond the 1st of January or, at the furthest, the 1st of July, 1869. Nothing will be gained, however, by a forced resumption. When the country is in a condition to maintain specie payments they will be restored as a necessary consequence. To such a condition of national prosperity as will insure a permanent restoration of the specie standard the following measures are, in the opinion of the Secretary, important, if not indispensable:

First. The funding or payment of the balance of interest-bearing notes, and a continued contraction of the paper currency.

Second. The maintenance of the public faith in regard to the funded debt.

Third. The restoration of the Southern States to their proper relations to the Federal Government.

If this opinion be correct the question of permanent specie payments, involving, as it does, the prosperity of the country, underlies the great questions of currency, taxation, and reconstruction, which are now engaging the attention of the people, and cannot fail to receive the earnest and deliberate attention of Congress.

To this policy of contraction the action of the Secretary has been conformed, and the effect of it has been so salutary, and the continuation of it would be so obviously wise, that he would not consider it necessary to say one word in its favor were there not indications that, under the teachings of the advocates of a large and consequently a depreciated currency, such views are being inculcated as, if not corrected, may lead to its abandonment.

Money is simply a medium of exchange and measure of value. As a medium it facilitates exchanges, and by doing this necessarily stimulates production. It does not follow, however, that exchanges are facilitated and production stimulated in proportion to its increase. It is a measure of value, but it does not necessarily create values. It is an indispensable agent in trade between individuals, and in commerce between nations; the great incentive to enterprise and labor in the wide range of human energy and skill; but, great as is its power, and essential as it is to the progress of the race in civilization and refinement, there are limits beyond which its volume cannot be extended without a diminution of its usefulness. A certain amount is required for facilitating exchanges and determining values. The exact amount required cannot of course be accurately determined, but the excess or deficiency of money in a country is always pretty accurately indicated by the condition of its industry and trade. In all countries there is just as much money needed as will encourage enterprise, give employment to labor, and furnish the means for a ready exchange of property, and no more. Whenever the amount in circulation exceeds the amount required for these purposes, the fact will become apparent by a decline of industry, an advance of prices, and a tendency to speculation. Especially will this be the case when an irredeemable currency becomes the standard of value by being made a legal tender. Coin, being the circulating medium of the world, flows from one country to another in obedience to the law of trade, which prevents it from becoming anywhere, for any considerable period, excessive in amount; when this law is not interfered with by legislation, the evils of an excessive currency are corrected by the law itself. An increase of money beyond what is needed for the purposes above named, according to all experience, not only inflates prices, but diminishes labor; and coin, as a consequence, flows from the country in which the excess exists to some other where labor is more active and prices are lower: to flow back again when the loss by one country and the gain by another produce the natural results upon industry and production. Thus coin is not only the regulator of commerce but the great stimulator of industry and enterprise.

The same may be said of a convertible paper currency, which, by being convertible, will not for any considerable period be excessive; but it is rarely if ever true of an inconvertible currency, which is necessarily local, and would not be likely to be inconvertible if it were not excessive, and by being excessive and inconvertible is fluctuating and uncertain in value. The only possible exception to this rule would be found in the limitation of the amount in circulation to what might be absolutely required in the payment and disbursement of the public revenues. No matter what laws may be enacted to give credit and value to it, an irredeemable currency must, unless limited as above stated, always be a depreciated currency. The attempt to give value to paper promises by making them lawful money is not original with the United States. The experiment has been tried by other nations, and generally with the same injurious if not disastrous results. Indeed, with rare exceptions, nations that have commenced the direct issue of paper money have continued to issue it until prevented by its utter worthlessness. There may be no danger that this will be true of the United States; but there will always be ground for apprehension as

long as an irredeemable and depreciated currency is not regarded as an evil—an evil to be tolerated only so long as may be necessary to retire it without great derangement of legitimate business. Inconvertible and depreciated lawful money is an agreeable but demoralizing deception. It is agreeable because it is plentiful, and because it deludes by the creation of apparent wealth. It is demoralizing by familiarizing the public mind with dishonored obligations. The prices of most kinds of property in the United States advanced near three fold during the war, but this advance was mainly the result of the increase of the circulating medium, and in reality only indicated its depreciation. The purchasing power of the money in circulation was diminished in the ratio that its volume was increased. The farmer, for example, received three dollars a bushel for his wheat, but, except for the payment of debts, these three dollars were of no more value to him than one dollar was before the suspension of specie payments.

The same was true of other kinds of property and other labor. The advance, except so far as it was the result of an increased demand, was apparent only and unreal. The same cause is sustaining prices at the present time, and will continue to do so as long as the cause exists, but the advantages resulting from it are merely imaginary, while the evils are positive and actual. No sane man supposes that his own wealth, or the wealth of the nation, is increased by the depreciation of the standard by which it is measured. If the paper circulation of the United States should be doubled during the next year, and the prices of property should be likewise doubled, would it be imagined that the real value of property would be thus advanced? Or, if the paper currency should, during the same period, be reduced fifty per cent., and prices of property should decline correspondingly, would it follow that the real value of property would thus decline? In the one case the value of the currency would be reduced in proportion to its increase in amount; in the other the currency would be increased in value as it was diminished in amount. The increase or decrease of prices would, if no counteracting causes intervened, be the natural result of the increase or decrease of the measure of value, while real values remained unchanged.

The United States notes were made a legal tender and lawful money because it was thought that this character was necessary to secure their currency. By reference to the first debates of Congress upon the subject it will be noticed that those who advocated their issue justified themselves on the ground of neces-

sity. No one who spoke in favor of the measure favored it upon principle or hesitated to express his apprehensions that evil consequences might result from it. But the Government was in peril, the emergency was pressing, necessity seemed to sanction a departure from sound principles of finance, if not from the letter of the Constitution, and an inconvertible currency became the lawful money of the country. While the action of Congress, in authorizing the issue of these notes, seemed necessary at the time, and was undoubtedly approved by a large majority of the people, there can now, in the light of experience, be no question that the apprehensions of those who advocated the measure as a necessity were well founded. Had they not been made a legal tender, the amount in circulation would not have been excessive, and the national debt would doubtless have been hundreds of millions of dollars less than it is. The issue would have been stayed before a very large amount had been put in circulation, not because the notes would have been really more depreciated by not being made lawful money, but because their depreciation would have been manifest. By being made lawful money they became the legalized measure of value—a substitute for the precious metals—which, as a consequence, were at once demonetized and converted into articles of traffic. Made by statute a legal tender, they were of course popular with those who had debts to pay or property to sell; costing nothing, and yet seemingly adding to the value of property, supplying the means for speculation and for creating an artificial and a delusive prosperity, it is an evidence of the wisdom of Congress that the issue was stopped before the notes had become ruinously depreciated and the business of the country involved in inextricable difficulties.

But although the issue of these notes was limited, and we thus escaped the disasters which would have overwhelmed the country without such limitation, it can hardly be doubted that the resort to them was a misfortune. If this means of raising money had not been adopted bonds would have undoubtedly been sold at a heavy discount, but the fact that they were thus sold, without debasing the currency, would have induced greater economy in the use of the proceeds, while the discount on the bonds would scarcely have exceeded the actual depreciation of the notes below the coin standard. As long as notes could be issued and bonds could be sold at a premium or at par, for what the statute made money, there was a constant temptation to liberal if not unnecessary expenditures. Had the specie standard been maintained and bonds been sold at a discount for real money there would have been an economy in all the branches of

the public service which unfortunately was not witnessed, and the country would have escaped the evils resulting from a disregard of the great international law, which no nation can violate with impunity, the one that makes gold and silver the only true measure of value. The financial evils under which the country has been suffering for some years past, to say nothing of the dangers which loom up in the future, are in a great degree to be traced to the direct issues by the Government of an inconvertible currency with the legal attributes of money.

Upon the demoralizing influences of an inconvertible Government currency it is not necessary to enlarge. They are forced upon our attention by every day's observation, and we cannot be blind to them if we would. The Government is virtually repudiating its own obligations by failing to redeem its notes according to their tenor. These notes are payable to bearer on demand in dollars, and not one of them is being so paid. It is not to be expected that a people will be more honest than the Government under which they live, and while the Government of the United States refuses to pay its notes according to their tenor, or at least as long as it fails to make proper effort to do so, it practically teaches to the people the doctrine of repudiation.

If the views thus presented are correct, there can be no question that there is still an excess of paper money in the United States, and that the legal-tender notes are an obstacle, and unless reduced in amount must continue to be an obstacle to a return to a stable currency.

In opposition to these views it is urged by many intelligent persons that as the credit system has been very much curtailed since 1861, and sales are made chiefly for cash, a much larger amount of currency is required than formerly for the convenient transaction of business; that there is in fact no excess of money in the United States, but that on the contrary an increase is required to move the crops, encourage enterprise, and give activity to trade. As an evidence of the correctness of this opinion, reference is made to the "tightness of the money market" in the commercial cities, and the scarcity of money in the agricultural districts.

It is undoubtedly true that the effect of a curtailment of credits would have been to increase the legitimate demand for currency, if no other means had intervened to counteract the effect of it. But such means have intervened. In all the cities and towns throughout the country, checks upon credits in banks, and bill of exchange, have largely taken the place of

bank notes. Not a fiftieth part of the business of the large cities is transacted by the actual use of money, and what is true in regard to the business of the chief cities is measurably true in regard to that of towns and villages throughout the country. Everywhere bank credits and bills of exchange perform the offices of currency to a much greater extent than in former years. Except in dealings with the Government, for retail trade, for the payment of labor and taxes, for traveling expenses, the purchase of products at first hand, and for the bankers' reserve, money is hardly a necessity. The increased use of bank checks and bills of exchange counterbalances the increased demand for money resulting from the curtailment of mercantile credits. That money is in demand, and is commanding full rates of interest, is true, but this does not indicate a scarcity of it. The rates of interest in England and France have rarely been as low as within the last four months, and yet for commercial or manufacturing purposes money has not often been so difficult to be obtained. The speculative reaction or overproduction of manufactures, together with apprehensions of political troubles, have caused business to be sluggish and unprofitable, and made capitalists cautious and timid. Thus, in those countries, money was never more plentiful, and yet apparently never more scarce. Its apparent scarcity in the United States is attributable to high prices, to its uncertain value, and to its inactivity.

Money by no means becomes abundant by an increase or scarce by a diminution of its volume. The reverse is more likely to be true, especially when, as is generally the case, high prices are speculative prices, and prevent activity in exchanges. Money is in demand at the present time, not so much to move crops as to hold them—not to bring them at reasonable prices within the reach of consumers, but to withhold them from market until a large advance of prices can be established. Let the great staples of the country come forward and be sold at market prices, at such prices as, while the producer is fairly remunerated, will increase consumption and exports—let capitalists be assured that progress toward a stable basis is to be uninterrupted—and money, now considered scarce, will be found to be abundant. The actual legitimate business of the country is not larger than it was in 1860, when three hundred millions of coin and bank notes were an ample circulating medium, and when an addition of fifty millions would have made it excessive. Throughout a considerable portion of the best grain-growing sections of the United States there has been during the past year great complaint of a scarcity of money, and yet no single

article of agricultural product, except wool, was to be sold there for which there was not a purchaser at more than remunerating, if not exorbitant, prices. There was no lack of money in these sections, but a lack of products to exchange for it. The hard times complained of were the consequence of short crops, and not of deficient circulation. To the farmer, who had little to sell and much to buy, an increase of the circulation would have been an injury; a curtailment of it a benefit. And yet by men in such circumstances the policy of contraction has met with a condemnation second only to that which it has received at the hands of speculators in stocks.

Next to the stock board of the commercial metropolis, the opposition to the policy of contraction has been most decided in those sections where, by reason of short crops, the people have been less prosperous than heretofore. Unfortunately, in the same sections, the harvest has been again unsatisfactory, and the demand not only for a cessation of contraction but for an increase of paper money may thus be more pressing than ever. This demand, no matter from what quarter it comes or by what interest sustained, should, in the opinion of the Secretary, be inflexibly resisted by Congress. To increase the volume of paper money for the purpose of giving relief to the country would be to foster the cause in order to cure the disease. To stay the process of contraction this year will but prepare the way for an increase of circulation the next. Whenever the policy of reducing the paper circulation of the country, with the view of a return to specie payments, shall be abandoned, it is to be apprehended that the demand for an increase will be irresistible, and that the country will plunge into bankruptcy. The specie standard must be sooner or later restored. Whether this shall be accomplished by elevating the currency by lessening its volume, or after lessening its value by increasing its volume, it is for Congress to determine. That this question will be determined promptly and wisely the Secretary is not permitted to doubt. Some progress has been made in the right direction during the past year, but there is still in the United States a plethora of paper money. If this is not so, how happens it that coin commands a premium of some forty per cent. over legal-tender notes?—that a high tariff has proved powerless to prevent excessive importations?—that capitalists hesitate in regard to the uses to which they shall put their surplus means?—that business is speculative and uncertain?—that expenses of living are driving thousands into crime and making dishonesty excusable, while honorable men of limited means are indignantly

and justly complaining that they cannot live on incomes that formerly gave them a handsome support? Money may be inactive, but it is not scarce. Its inactivity is in fact the result of its uncertain value. With a circulation that is to-day at a discounty of thirty per cent., and which may by a change of policy be increased to sixty per cent. within the next year, with what safety can men engage in enterprises which look into the future, and which are needed to develop the slumbering resources of the country? Let the paper dollar truly represent the dollar in coin. Let men of capital and enterprise feel that the currency has come, or is steadily coming to the "hard-pan" of specie, and there will be a stimulus given to enterprise and labor which will banish all complaints of a scarcity of money.

If, then, it be admitted that the paper circulation is excessive, the question arises why should not the contraction be applied to the notes of the national banks instead of the United States notes, and thus a large saving of interest to the Government be effected? This question has already been answered inferentially, but its importance requires that it shall receive more definite consideration.

Prior to 1863 the banking institutions of the country, with the exception of the Bank of the United States, were created by the States, and were subject to State authority alone. They were State institutions, over which the general Government exercised no control. The right of the States to create and to manage them had been so long conceded that no interference with them by Congress, and no decision of the courts adverse to the constitutionality of their issues were apprehended.

Soon after the commencement of war it became manifest that a system of internal taxation must be adopted for the support of the Government and the maintenance of its credit, and that this would involve the necessity of a national currency of uniform value and undoubted solvency. To meet this necessity (United States notes being then regarded as only a temporary expedient) the national banking system was created, not to destroy the State banks nor injuriously to affect their business, but to furnish through their agency and that of new institutions which might be organized under it a permanent national bank note circulation. Had it been supposed that the object of those who advocated the measure was to bring the State banks under the control of the Federal Government for the purpose of destroying them, or that such would be its effect, it would never have been adopted. No such object was avowed or intended by its friends, and no such effect was anticipated by the banks.

With that spirit of patriotism which was so marked a characteristic of the people of the North during the war, the stockholders of the State banks relinquished, at the request of the Government, the greater privileges possessed by them under State laws, and in connection with the new banks organized under the law became efficient aids in negotiating the public loans and sustaining the public credit. To all banking systems under which circulating notes are issued there are grave objections, and if there were none in existence in the United States the Secretary would hesitate to recommend or to indorse even the most perfect that has been devised.

The question now to be considered, however, is not whether banks of issue should be created, but whether the national banking system should be sustained. In the present condition of the country, and in view of the relations that the national banks sustain to the Government (ignoring in this connection the question of good faith), the Secretary has no difficulty in coming to the conclusion that they should be sustained. They are so interwoven with all branches of business, and are so directly connected with the credit of the Government, that they could not be destroyed without precipitating upon the country financial troubles which it is now in no condition to meet. At some more propitious period, when the Union shall have been fully restored, and all the States shall have attained that substantial prosperity which their great resources and the energy of their people must sooner or later secure for them, it may perhaps be wise for Congress to consider whether the national banking system may not be dispensed with. The present is not a favorable time to consider this question. The condition of our political and financial affairs is too critical to justify any action that would compel the national banks, or any considerable number of them, to call in their loans and put their bonds upon the market for the purpose of providing the means of retiring their circulation. Conservative legislation is now indispensable. The public mind is too sensitive, business is too unsteady, and the political future is too uncertain to warrant any financial experiments. Fortunately none are required. The national banking system has accomplished all and more than was anticipated by its advocates. It has furnished a circulation, depreciated it is true, like the United States notes, but solvent beyond question, and current throughout the Union. It has prevented bank note panics and saved note holders from losses. It has aided in regulating domestic exchanges, and furnished the Government with valuable financial agents. Had it not been adopted

State banks would have continued, as long as they were tolerated, to furnish the country with bank notes.

Who can estimate the extent of the injury which the people and the Government would have sustained if State institutions, without any other restrictions than were enforced by State laws, had been permitted during the war to occupy the field? All having suspended specie payments, and thereby been relieved from the necessity of furnished evidence of solvency, banks unwisely or dishonestly managed would have stood on a level with those which were managed wisely and honestly. While the latter would have found it difficult to keep their issues within reasonable limits, stimulated as they would have been to issue freely, by the necessities of the Government and the increasing demand for money, which is always the result of an increased supply, the former would have poured out their irredeemable promises until distrust created panic and panic disaster. That the national banking system, with its limited and secured circulation, and its restricted provisions, by superseding the State systems, has prevented a financial crisis there can be but little doubt. For this it is entitled to credit; and for this and for other reasons suggested it should be sustained until a better system shall be devised, or the country is in a condition to dispense with banks of issue altogether.

The arguments in favor of compelling the banks to retire their notes, and yielding the field to the notes of the Government, are based upon the supposition that if $300,000,000 of United States notes were substituted for the $300,000,000 of national bank notes now in circulation the Government would save some eighteen million dollars in interest which is now a gratuity to the banks. That there would be no such saving, nor any saving, by the proposed substitution is clearly shown by the Comptroller of the Currency in his accompanying report, to which the attention of Congress is especially asked. If an account were opened with the banks, and they were charged with the interest on $300,000,000, and the losses sustained through those that have failed, and credited with the interest on the United States notes held by them as a permanent reserve, the taxes paid by them to the Government and the States, and with a commission covering only what has been saved in transferring and disbursing public money, it would be ascertained that the banks were not debtors to the United States. It is not necessary, however, for the Secretary to dwell on this point, as his main objection to the substitution would not be removed if a saving of interest would be effected by it. Regarding, as he

does, the issue of the United States notes in the first instance as having been a misfortune, and their continuance as a circulating medium, unless the volume shall be steadily reduced, as fraught with mischief, the Secretary can conceive of no circumstances that would justify a further issue.

These depreciated but legal-tender notes, notwithstanding the reduction that has taken place, still stand in the way of a return to specie payments; a substitution of them for bank notes would be regarded by him and by the country as a declaration that resumption had been indefinitely postponed. If those now outstanding shall be retired at the rate of only $4,000,000 per month, the amount in actual circulation will soon be so reduced that they may not seriously retard the restoration of the true measure of value. If, on the contrary, under any pretence, or for any purpose whatever, their volume should be increased, especially if they should be made the sole paper circulation of the country, a false measure of value will be continued, speculation will be stimulated, industry will decline, and the great risk be incurred that financial health will only be obtained by a revulsion, the effect of which upon the material interests and credit of the country no one can estimate. Such a revulsion the Secretary is most anxious to prevent; and he therefore cannot approve the proposition of substituting the notes of the United States for those of the national banks, but recommends that the policy of contraction be continued.

The apprehension that this policy will embarrass healthy trade is in his judgment unfounded. Legitimate business has not suffered by the curtailment which has taken place within the last two years, nor will it permanently suffer by such a contraction, prudently enforced, as may be necessary to bring the precious metals again into circulation. What business requires is a stable currency. What enterprise demands is the assurance that it shall not be balked of its just rewards by an unreliable measure of value. It is frequently urged by those who admit that the currency is redundant that the country is not now in a condition to bear further contraction; that its growth will soon render contraction unnecessary; that business, if left to itself, will rapidly increase to such an extent as to require the $388,000,000 of United States notes and fractional currency, and the $300,000,000 of bank notes, now outstanding, for its proper and needful accommodation. Nothing can be more fallacious than this unfortunately popular idea. An irredeemable currency is a financial disease which retards growth instead of encouraging it: which stimulates speculation but diminishes labor.

A healthy growth is to be secured by the removal of the disease, and not by postponing the proper treatment of it in the expectation that the vigorous constitution of the patient will eventually overcome it.

The next subject to be considered, in connection with the permanent resumption of specie payments, is the maintenance of the public faith, which involves the necessity of wise and stable revenue laws, impartially and rigorously enforced; economy in the public expenditures; and a recognition of the obligation of the Government to pay its bonds in accordance with the understanding under which they were issued.

Nothing but absolute insolvency will save from the infamy of repudiation a nation that does not pay its debts according to the understanding at the time they were contracted; and when a nation voluntarily violates this understanding it will soon be unable, from the very effect of its own example, to enforce its revenue laws; and its expenditures will only be checked by its inability to collect. How much of the demoralization which exists in the revenue service of the United States is attributable to the failure of the Government to redeem the legal-tender notes according to their tenor would be an interesting subject of inquiry, but hardly appropriate in a communication like this.

Now, to what is the United States pledged in regard to the public debt? Is it not that it shall be paid according to the understanding between the Government and the subscribers to its loans at the time the subscriptions were solicited and obtained? And can there be any question in regard to the nature of this understanding? Was it not that, while the interest-bearing notes should be converted into bonds or paid in lawful money, the bonds should be paid, principal as well as interest, in coin? Was not this the understanding of the Congress which passed the loan bills and of the people who furnished the money? Did any member of the House or of the Senate, prior to 1864, in the exhaustive discussions of these bills, ever intimate that the bonds to be issued in accordance with their provisions might be paid, when redeemable, in a depreciated currency? Was there a single subscriber to the five-twenty bonds, or to the seven and three-tenth notes, which by their terms were convertible into bonds, who did not believe, and who was not given to understand by the agents of the Government, that both the principal and interest of these bonds were payable in coin? Does anyone suppose that the people of the United States, self-sacrificing as they were in the support of the Government,

would have sold their stocks, their lands, the products of their farms, of their factories and their shops, and invested the proceeds in five-twenty bonds and seven and three-tenth notes, convertible into such bonds, if they had understood that these bonds were to be redeemed after five years from their respective dates in a currency of the value of which they could form no reliable estimate? Would the Secretary of the Treasury, or would Congress, when the fate of the nation was trembling in the balance, and when a failure to raise money for the support of the Federal army would have been success to the rebellion and ruin to the Union cause, have dared to attempt the experiment of raising money on bonds redeemable at the pleasure of the Government, after five years, in a currency the convertible value of which might not depend upon the solvency of the Government but upon the amount in circulation? No such understanding existed, and fortunately no such experiment was tried. The bonds were negotiated with the definite understanding that they were payable in coin, and the seven and three-tenth notes with an equally definite understanding that they were convertible at the option of the holder into bonds of a similar character or payable in lawful money. The contracts were made in good faith on both sides, a part of them when the Government was in imminent peril and needed money to preserve its existence, the balance when its necessities were scarcely less urgent for the payment of its just obligations to contractors and to the gallant men by whom the nation had been saved. Good faith and public honor, which to a nation are of priceless worth, require that these contracts should be complied with in the spirit in which they were made. The holders of our bonds at home and abroad who understand the character of the people of the United States and the greatness of the national resources ought not to need an assurance that they will be so complied with.

The acts of March 3, 1863, and March 3, 1864, are the only acts which state expressly that the bonds to be issued under them shall be payable in coin; and this provision in these acts, if not accidental, attracted no attention at the time, either in Congress or with the public. Under the former act $75,000,000 of twenty-year six per cent. bonds (part of those known as bonds of 1881) were issued, and under the latter act nearly two hundred millions of five per cent. bonds, known as ten-forties; and the fact that these six per cent. bonds have had no higher reputation than other bonds of the same class, and that the five per cent. bonds never were a popular security, and have in the market until very recently scarcely possessed a value corresponding with the six per cent. five-twenties, shows conclusively that dealers in Government securities, and the people generally, have not regarded this provision as placing them on a different footing as to the kind of money in which they are to be paid from the bonds issued under acts containing no such provisions.

There was nothing in the condition of the country when these acts were passed that required an unusual provision in order that the loans authorized by them might be successfully negotiated; on the contrary, the national credit was better then than at periods when other loan bills were passed; nor was there any intimation by any member of Congress, nor was it ever thought by the officers of the Treasury Department that the bonds authorized by them were of a different character from those issued under other acts. It is unreasonable to suppose that it was the intention of Congress that the bonds authorized by the acts of February 25, 1862, and June 30, 1864, might be paid in legal-tender notes while those authorized by the acts of March 3, 1863, and March 3, 1864, could be paid only in coin. The various issues of bonds, constituting the national funded debt, stand upon the same footing, and all should be paid in coin, if any are so paid.

National debts are subject to the moral law of the nations. Whenever there is no expression to the contrary, coin payments in such obligations are honorably implied. The policy of the Government of the United States in regard to the payment of its debts has been uniform and consistent. Prior to February 25, 1862, there was in the United States no lawful money but specie, consequently its treasury notes, and its bonds previously issued, were payable in the same currency. Subsequently all interest-bearing notes were made payable in lawful money, but no change was made in the form of the obligation of the bonds. Thus the seven and three-tenth notes issued after that date, the five per cent. notes, and the compound-interest notes were made payable in lawful money, while the bonds, not being so made payable, have ever been recognized by Congress, by the Treasury Department, and by the people, as payable only in coin. These different classes of securities were negotiated with this distinct understanding—an understanding which is as binding upon the honor of the nation as if it were explicitly stated in the statute.

It is true that the bonds, and notes convertible into bonds, issued after the passage of the first legal-tender act were paid for in a depreciated currency, and were therefore, in fact, sold at a discount; but it is not denied that they were sold fairly,

and that everyone had ample opportunity to subscribe for them. Agencies were established and subscriptions solicited in every part of the country; and liberal subscriptions were regarded as evidence of loyalty. That they were paid for in a depreciated currency was not the fault of the subscribers. They were sold at the highest price that could be obtained for them—not chiefly to the capitalists of the cities, but to men of moderate means throughout the country, who subscribed for them, not for speculation, but to aid the Government in its struggles with a gigantic rebellion; and it is a significant fact that, with rare exceptions, the complaints that they were sold at a discount come from those who, doubtful of the result of the conflict, declined to invest in them. How would the Government of the United States stand before the world—how would it stand in the estimation of its own people, if it should decline to pay, according to agreement, the money it borrowed when its very existence was in peril, and without which it could not have prosecuted the war, on the ground that the lenders took advantage of its necessities and purchased its securities at less than their value?

But if the honor of the nation were not involved in the question the inquiry arises, In what shall the bonds be paid if not in coin? Some five hundred and fifteen millions of five-twenty bonds are now redeemable according to their tenor. No one, certainly, would propose that some of them shall be called in and paid in a currency now worth seventy cents on the dollar while the rest shall remain unredeemed until the currency shall be more depreciated by additions to its volume or appreciated by contraction. The holders of these bonds stand on the same footing; if any are to be paid before maturity in a depreciated currency the whole should be so paid, and in a currency of equal value. But the Government has no United States notes in the treasury, and as the annual receipts are not likely hereafter to be much in excess of the expenditures, and as a new loan to raise money for the purpose of violating an agreement under which a previous loan was negotiated would be impracticable, there would be no way in which the bonds now redeemable could be paid as has been proposed except by putting the printing presses again at work and issuing more promises which must themselves eventually be paid in coin, converted into coin bonds, or repudiated. This process of making money seems an easy one, but our own experience and the experience of every other nation that has tried it prove it to be neither judicious nor profitable.

As the paper circulation of the country is already redundant

it would be lessened in value by every addition to it, and by the distrust thus created its depreciation would doubtless be in a greater ratio even than the additions would bear to the volume to which they would be added. It is not too much to say that an additional issue of $500,000,000 of United States notes would reduce the $700,000,000 of paper money now in circulation to one-half their present value; so that a legal-tender note or a national bank note, now worth seventy per cent. in coin, would not be worth more than thirty-five per cent., even if the apprehension of further issues did not place it on a par with Confederate notes at the collapse of the rebellion. The bonds would of course decline in value with the currency in which they would be payable. Can anyone seriously propose thus to depreciate, if not to render valueless, the money and securities of the people? Can anyone, knowing the effect which such an issue would have upon the Government bonds, upon the currency now afloat, upon business, upon credit, upon the public morals, seriously advocate such a measure, not as a matter of necessity, but to anticipate the payment of debts due many years hence? The statement of the proposition exposes its wickedness. When fairly considered it cannot fail to be stamped with universal condemnation. It is a proposition that the people of the United States, who own four-fifths of the national obligations, shall, by their own deliberate act, rob and ruin themselves, and at the same time cover the nation with inexpressible and ineffaceable disgrace.

In opposition to all such expedients for payment of, or rather for getting rid of, the public debt is the upright, world-honored *economical* policy of paying every obligation of the Government according to the understanding with which it was created —the policy of appreciating the paper dollar until it shall represent a dollar in coin, of giving stability to business and assurance to enterprise, and wiping from the country the reproach that rests upon it by reason of the low price of its securities in the great marts of the world. That this is the policy which will be sustained by the people and their representatives the Secretary has the fullest confidence. There may hereafter be nations which, ignoring their honorary obligations, may look only to their own statutes for the measure of their liabilities. If there shall be such nations the Republic of the United States will not be found among them. It has essentially suffered by the actual repudiation of some of the States and the virtual repudiation of others; it is still suffering from the same cause, although more than a quarter of a century has elapsed since this stigma was fixed upon American credit. It is suffering also

from the fact that Massachusetts and California alone, of all the States, have continued to pay the interest on their bonds in coin. But, although it has suffered, and is still suffering, from the bad faith or false economy of some of its members, its own financial honor is unsullied. It has committed the mistake of making its inconvertible promises a legal tender, but it has never taken advantage of its own legislation to lessen in the hands of the holders the value of its securities or violate its engagements by covert repudiation. In the darkest hours of the rebellion it faltered not in the observance of its contracts. Shall it falter now when its ability to pay to the uttermost farthing, even without oppressive taxation, cannot be questioned?

There is a general sentiment among taxpayers that the exemption of Government bonds from local taxation is not exactly right, and that it ought to be in some way avoided in future issues. The Secretary has no hesitation in admitting that he is in sympathy with this sentiment. The difficulty in the way, however, as has been suggested, arises from the fact that if bonds hereafter to be issued were to be subject to local taxation very few would be held where taxes are high, and there would be a constant tendency to a concentration of them in States and counties and cities where taxes are low, or in foreign countries, where they would escape taxation altogether. It is a matter of great importance that the Government bonds should be a desirable investment in all parts of the country, and it is obvious that the States should be in some manner compensated for the right now denied of taxing them as other kinds of property are taxed.

After giving the subject careful consideration the Secretary can suggest no better way of doing it than by an issue of bonds to be known as the Consolidated Debt of the United States, bearing six per cent. interest, and having twenty years to run, into which all other obligations of the Government shall as rapidly as possible be converted; one-sixth part of the interest at each semi-annual payment to be reserved by the Government and paid over to the States, according to their population. By this means, all the bonds, wherever held, would be taxed alike, and a general distribution of them be secured.

The manufacturers of the country and those who had incurred pecuniary obligations were greatly alarmed at the persistent policy of Secretary McCulloch in contracting the currency, which, they claimed, lowered the price

of goods as measured by money, and raised the price of money as measured by goods. Even the creditor class were opposed to too great a contraction, since this might throw their debtors into bankruptcy.

Accordingly petitions poured into Congress, asking that the hand of the Secretary of the Treasury be stayed, and during the first days of the session numerous bills were introduced to this effect. One of these, introduced in the House on December 5 by Robert C. Schenck [O.], was to the effect that "further reduction of the currency by retiring and canceling United States notes is prohibited." This was unanimously approved by the Committee on Ways and Means, and was passed on December 7 by 127 yeas to 32 nays. Among those who opposed the bill, as postponing the resumption of specie payments, were such prominent Republicans as James G. Blaine [Me.], and James A. Garfield [O.]. Samuel J. Randall [Pa.], who was rising in prominence as a Democratic leader, also voted in the negative.

The bill came up for discussion in the Senate on January 9, 1868.

Reduction of the Currency

Senate, January 9–15, 1868

John Sherman [O.], chairman of the Committee on Finance, supported the bill. He stated his reasons for doing so, as follows:

First. It will satisfy the public mind that no further contraction will be made when industry is in a measure paralyzed. We hear the complaint from all parts of the country, from all branches of industry, from every State in the Union that industry for some reason is paralyzed and that trade and enterprise are not so well rewarded as they were. Many, perhaps erroneously, attribute all this to the contraction of the currency—a contraction that I believe is unexampled in the history of any nation. One hundred and forty million dollars have been withdrawn out of $737,000,000 in less than two years. It may be wise, it may be beneficial, but still it has been so rapid as to excite a stringency that is causing complaint, and I think the people have a right to be relieved from that.

Second. This bill will restore to the legislature their power over the currency, a power too important to be delegated to any single officer of the Government.

Third. This will strongly impress upon Congress the imperative duty of acting wisely upon financial measures, for the responsibility will then rest entirely upon Congress and will not be shared with them by the Secretary of the Treasury.

Fourth. It will encourage business men to continue old and embark in new enterprises, when they are assured that no change will be made in the measure of value without the open and deliberate consent of their representatives. I have entire confidence that Congress will, in due time, provide such measures as will enable our people to pursue the industries of peace with all the energy and success with which they conducted war. Now, it is our duty to relieve them from perhaps a groundless terror; but, whether groundless or not, it is one that checks and paralyzes all classes and kinds of industry.

Justin S. Morrill [Vt.] opposed the bill as deferring the day of specie payments, and enhancing the price of gold measured in "greenbacks."

Henry W. Corbett [Ore.] opposed the bill as raising the price of commodities.

The present amount of currency in the country and the large amount that has been afloat the past few years have raised the price of every kind of product to such an extent that it is impossible for us to export anything from the country. We are using and consuming within ourselves our products. Flour has advanced to such an enormous price by reason of the inflation of the currency that it is impossible to ship it out of the country and compete abroad with the foreign product of that article. The inflation of the currency is acting as a protective tariff to foreign countries to produce this article, so important to our Western States, so that foreigners are furnishing flour and grain to England and other countries instead of our producing it ourselves and exporting it to them in place of the gold and United States bonds that we have been sending out of the country. We have sent within the past five or six years about six hundred million dollars of gold and United States stocks. Let this continue for one or two years longer, and by this inflated policy all our United States stocks will have been sent out of the country, and we shall be paying a tribute of gold interest to foreign-

ers, and we shall also have sent all our gold out of the country, and we shall perhaps be prevented from resuming specie payments for the next fifteen or twenty years. It is alarming when you see $3,000,000 of gold a week going out of the country, and only $1,000,000 coming in.

The state of financial affairs is alarming to me, and it looks to me as though we had better leave the matter entirely to the Secretary of the Treasury to govern the financial policy as he has heretofore done, wisely, in my opinion, and for the best interests of the country. He is not going to adopt a policy that will cripple the Government or cripple the industrial interests of the country.

William P. Fessenden [Me.] opposed the bill. He agreed with Senator Sherman that Congress should control the currency, but said that it was now doing so, the Secretary of the Treasury having kept within the limits assigned him by the national legislature. The present agitation against reducing the currency was created by people who entertain different views from those held by Congress when it set those limits. These agitators were men "who have multifarious schemes for having a currency in the country irredeemable, mere rags, after the necessity has ceased." If Congress succumbed to this demand it would be a notification to the country that it had abandoned its policy of restoring, as soon as possible, the finances to a sound specie basis.

I believe that all the trouble we have arises from something that is unavoidable. The country is in an anomalous condition in regard to the currency. This arose out of a matter that we could not avoid—the enormous expenditures of the war. We have got to a point where our currency is disordered; we want to get back to a safe position, and as soon as we can. Now, my idea is that only time will accomplish it. Such a position as we are in we cannot get out of without suffering to the country in its business affairs, and the more you legislate to postpone that suffering, the more you legislate with schemes of one kind and another to tide over this time and tide over that time and the other, the more difficult, in my judgment, will it be to meet the crisis at last.

William M. Stewart [Nev.].—The financial troubles we are now laboring under are owing, in the first place, to the

overestimates of the Secretary of the Treasury imposing burdens on the people heavier than they could bear, and in the next place to corruption in office causing a failure to collect the revenue. If Congress is to blame for these over-estimates and for this corruption in office, which has abstracted from the treasury, according to the estimate of some, $200,000,000 a year—if Congress is responsible for these two things, the one a great mistake and the other a great crime, it is time that the President of the United States held us up to scorn and contempt, and it is time that the people hurled us from power.

Now, I am anxious to know where the responsibility rests for these things. Being anxious to know these things, I am willing to pass this or any other bill which shall indicate that Congress does not feel full confidence in the Secretary of the Treasury, for disguise it as you will this bill amounts to nothing more nor less than a reflection upon the Secretary of the Treasury.

Senator Sherman denied that further contraction of the currency was a step toward resumption of specie payments, since

you cannot approach specie payments by contraction except through a distress and a destruction of all the business interests of the country that our people will not submit to. You cannot approach specie payments by contraction alone, though you must contract somewhat. Whenever money is easy it is right enough to contract, but when money is tight the contraction must cease.

So it is in England. When times become very tight the Bank of England is authorized by law to issue an increased circulation, and sometimes the very authority to increase destroys the necessity for it; and I have no doubt that if we could devise a way by which at times the currency might be increased temporarily it would be a wise provision. After the war between Napoleon and Great Britain by act of Parliament the time for resuming specie payments was extended four different times. They approached gradually the period fixed for specie payments; hard times came on; appeals were made to Parliament, and they extended the time one year, and again a year, and then a year more, and not until 1823, an interval of seven years, did they resume specie payments. The period was ex-

THE POLITICAL MOUNTEBANK [GRANT]
Gold for Bondholders, Greenbacks for Soldiers and Sailors
From the collection of the New York Historical Society

tended from time to time according to the condition of the trade of the country.

George F. Edmunds [Vt.].—Allow me to ask my friend whether on the passage of the last act the bank and the speculators were not just as much opposed to coming to specie payments as they were the first time?

Senator Sherman.—There is always a class of the community opposed to the resumption of specie payments. The debtors are always opposed to the resumption of specie payments and the creditors are always in favor of it.

Senator Fessenden.—Is it the intention of the Committee on Finance, with the view they take of the subject, again to assert the policy of contraction before Congress adjourns?

Senator Sherman.—The Senator from Maine knows very well that I cannot answer that question until the committee act.

Senator Fessenden.—I think the committee have acted, because they have reported what looks like the policy suggested by the Senator, of gradually increasing the currency when you want paper and reducing when you do not.

John B. Henderson [Mo.] compared the method by which the currency had been inflated to the getting of a canal boat through locks to a higher level.

Our public debt was created with a circulating medium rising one thousand million dollars. A large portion of the bonds were floated and sold at par. We did not want to sell them beneath par, but we floated them on a circulation of from one thousand million to twelve thousand million dollars. We passed laws declaring that we would not carry on the war with gold or the representative of gold, but we would adopt what we called a legal tender, and compel the creditors of the Government to take it. The soldier was paid in it. We had agreed to pay the soldier in coin, I suppose, if we agreed to pay anybody in coin. We agreed to pay him in what was known as the dollar prior to 1862. We paid him off, however, in the dollar fixed by the acts of 1862, 1863, and 1864. In order to keep our bonds at par we floated them up just as we would put a canal boat through locks. We run into the first lock, and we must have water enough to raise it to the second lock. We found a difficulty in floating our bonds. We wanted to get up into the second lock. We first issued $150,000,000 of greenbacks. That was not satisfactory. We issued $150,000,000 more, and then $100,000,000, making $400,000,000, or rather authorized it, and

issued very nearly that amount. We were not satisfied with that. We issued hundreds of millions of six per cent. compound-interest notes. We were not satisfied with that. We issued what we called, not United States notes, because those are the greenbacks, but we issued what were called treasury notes, bearing interest. All these went into the circulation. A great many of our bonds were bought by individuals at from forty to fifty cents on the dollar in gold. The debt was contracted with this bloated state of affairs.

Now, the very moment the war is over everybody looks to a resumption of specie payments. I want to come to it, too. We have now to bring our canal boat down the locks, and gentlemen will not permit us to let the water in the lock, but we must butt it down and destroy the boat. Sir, we went up by taking time and letting the water into the lock. Now let us come down in the same way, and thereby preserve the boat. If we undertake to come down otherwise we shall destroy the vessel.

Senator Edmunds.—We shall not come down by letting water into the lock. We must pour it out.

Senator Henderson.—I may not understand canal boating as well as my friend; but I undertake to say it would be well to leave the water in the lock and not draw it out before the boat comes upon it.

I may be allowed, perhaps, another illustration. It seems to me that to undertake to drive the country in this state of affairs to a resumption of specie payments by contraction is about as reasonable as it would be for a physician who should call upon a poor patient who had been laboring for some considerable length of time under *delirium tremens* to recommend that his liquor be stopped instantly.

Oliver P. Morton [Ind.] refuted the idea of Senator Stewart that the passage of the bill would be a reflection upon Secretary McCulloch.

We have a right to curtail the discretionary power of any officer without reflecting upon that officer. The Secretary of the Treasury is wise in financial matters, but he is not wiser than all the business men of this country, and they protest almost with one voice against having the further administration of the currency left absolutely in the hands of one man.

Timothy O. Howe [Wis.] supported the bill, because it released the people of the present tax-burdened generation from a system whereby the money paid into the

treasury was there destroyed instead of being returned to them to be used in the business of the country until such time as better conditions would enable it to be destroyed, thereby reducing the public debt.

He admitted that his knowledge of finance was limited.

Sir, the only master of finance under whom I ever studied was Wilkins Micawber, Esq.[1] [Laughter.] Mr. Micawber had a remarkable facility for contracting debts. That facility has characterized the United States for the past few years. Mr. Micawber had but a limited faculty for paying debts. That is another characteristic that I have noticed in the United States for several years past. Mr. Micawber was an honorable man, an honorable debtor. So I hope the United States will turn out to be, as so far it has appeared to be. When Mr. Micawber met his creditor, without any of the coin of the realm in his pocket, he met him like a man and gave him his I O U, and discharged the debt! The United States has practiced upon the same principle so far. We were obliged to contract debts that we could not discharge in anything like money. We had got to employ something that was not money, somebody's credit, and we did as Micawber did—we gave our creditors our I O U. We gave them our notes of hand; and every note that every one of you holds in his pocket, and I hope your pockets are full [laughter], is a certificate of the United States that you have advanced the amount of that note to the United States Government over and above the proportion that was required of you under the tax laws of the country. But Mr. Micawber lacked one facility, for circulating his paper, which the Government possessed. His creditors were perfectly willing to take his notes because they could get nothing else. Our creditors were willing to take our notes for the same reason. But Mr. Micawber could not enable his creditors to circulate his notes as money. We did effect that. We enabled our creditors, whom we compelled to take our notes, to pass them to their creditors and use them as money.

Mr. President, I thought the United States were acting upon a sound principle; I thought the course they took was the only course open to them; but it will be borne in mind that when they first commenced the issuing of this paper the amount was controlled by one idea, and that was that they never would issue a dollar of legal-tender notes when they could borrow the notes; in other words, that all the notes they issued should be convertible into interest-paying bonds. If the country were ready at any time to loan the Government the means to meet its engagements at a fair rate of interest the Government was willing to borrow; but when the country could not loan at a fair rate of interest the country would do like Micawber and issue its notes. That was a fair principle, and if we had kept sight of it until this time I do not think our finances would be in so embarrassed a condition as they are to-day. But unfortunately, to use the figure recently employed by the Senator from Missouri, although we did commence by floating the bonded debt of the country on to the country, we did not stop floating when we had reached the highest lock, so to speak. We kept on issuing these notes after the country preferred not to take them and after the country wished to loan them to the Government, when we might have borrowed them at a rate of interest which we agreed it was fair to pay. Hence, and from this cause you see to-day that it takes from one hundred and eight to one hundred and twelve dollars of the national notes which do not bear interest to buy one hundred dollars of the national notes which do bear interest. I do not think that is fair. If this law which you now propose to suspend had authorized every man holding these notes to turn them into the interest-paying bonds of the Government I think it would have been a just and honest thing; but that of itself would be a destructive measure while you have another statute upon your books which restricts by an iron rule the amount of paper circulation which can come from your banks.

The Senator from Ohio said that he thought the Secretary of the Treasury ought not to be authorized to restrict or to control the amount of circulation. I agree with him, but I think that Congress ought no more to be authorized to do it than the Secretary of the Treasury. Neither of them should do it. The law, in my judgment, ought to fix the condition upon which the first dollar of paper should be issued; but having fixed those conditions, having determined in its wisdom upon what conditions it was safe to let one dollar of paper be issued, every man who should comply with those conditions should have the same right to issue a dollar. This restriction upon the amount of bank circulation or of paper circulation, therefore, is open to two objections. First, I have this objection to urge: that I think there is no body of men in the United States of equal intelligence but what is just as competent to determine the amount

[1] A character in "David Copperfield," by Charles Dickens.

of money which the country wants to use at any particular time as the Congress of the United States; and the same number of business men, as my friend from Missouri [Mr. Henderson] suggests, are much more competent to determine it. We know less about it. We are not capitalists; at least I can speak with the utmost confidence for one [laughter]; and we have no necessary connection with capital; we are not engaged in the business of the country; and we are the last men, in my judgment, to know just how much money the business of the country wants. Men who have money to loan, men who have money to operate with, know, it is their business to know, to keep run of the course of business, and know when it is safer to buy property with their money or safer to loan it at the current rates of interest.

Senator Edmunds.—How is it with men who have to borrow to pay their debts with?

John Conness [Cal.].—To which side?

Senator Howe.—To the party who has to borrow. I heard a remark once from a neighbor of mine, a very sensible one, and I subscribed to the truth of it at once, and I believe in the truth of it to-day. He said it had been more than fifty dollars damage to him being poor. [Laughter.] But, Mr. President, I do not believe it is the business of the legislature of the nation to provide for men who are poor and have to borrow money. I think, being one of the class myself, it is the business of men who have to borrow money to go to men who have money to lend and borrow it like men and pay for it if they agree to do so, and when they agree to do so and the nation cannot by law provide for their necessities.

Mr. President, I said when your first treasury-note bill was pending here what I repeat to-day, that, in my judgment, there never ought to have been a note issued by the Government promising to pay specie on demand, because we knew the Government could not pay specie on demand; and I say now that there ought not to be a piece of paper circulated under the protection of law by anybody, either by the Government or a bank, which is not convertible into something that the world recognizes as money, whatever that is. The Government cannot do it without bearing the brand of a bankrupt on its brow. I cannot do it without subjecting myself to the same penalty; and a bank cannot do it. I have said that we were justified in using this paper while the war was upon us; but I believe with the Senator from Maine that that necessity has passed by, and we must get rid of this paper as soon as we can; but it must not be taxed out of the pockets of the people and burned; and it must not be taken from the circulation of the country unless you allow the capital of the country the option of putting something in its place.

Senator Fessenden.—How is the debt to be paid without taxation?

Senator Howe.—You can never pay anything except by taxation, but you cannot collect taxes when you have taken the whole circulation of the country out of the country. If you will destroy this kind of paper you must put something in its place if the business of the country and the exigencies of the country demand it; and we cannot tell, I say, how much is demanded. But take off the restriction upon the issuing of bank paper, take off the restriction from the circulation of your bank notes, determine the conditions upon which, as I said, the first dollar may be issued, and let every man issue who will comply with those conditions; place your banking circulation on the footing that it was before the war commenced and before the Government entered into the business of banking, and then you can go on and allow these notes to be funded into the interest-paying bonds of the Government—just the principle upon which the first issues of these notes were authorized. But that will subject us to one disagreeable thing—the people will have to pay interest on these new bonds.

Gentlemen tell us that the country can carry three, four, or five hundred millions of this paper and we save the interest. Sir, we pay the interest three times over in the increased price put upon every commodity the country deals in; in other words, in the depreciation of paper or in the appreciation—I think that is about as correct an expression—of that which is the true representative of values, the coin of the country. While you have that system of finance which makes gold a merchantable article the price of gold is not regulated by the law of supply and demand. The price of gold is regulated by those men there in Wall street, New York, who buy and sell their millions and millions every day without seeing a dollar of it; and, while it is a merchantable commodity and stands as the representative of all other commodities, when gold goes up under the manipulations of these gentlemen everything else goes up. So they have in their hands the price of every commodity.

Further discussion of the bill dealt chiefly with amendments proposed thereto. It was passed with amendments on January 15, 1868, by 33 yeas to 4 nays.

The House disagreed to the amendments, and a joint conference committee of the two Chambers was appointed, which reported on January 22 that the Senate should recede from its amendments. This was concurred in by both Chambers. President Johnson refused to sign the bill, and it automatically became a law ten days after its passage.

By this act the minimum limit of legal tender notes was fixed at $356,000,000—the amount extant at the time.

CHAPTER XIV

Resumption of Specie Payments

Oliver P. Morton [Ind.] Introduces Bill in Senate for Resumption of Specie Payments without Contraction of the Currency—His Speech—Bill Referred to Committee on Finance—John Sherman [O.] Reports the Committee's Bill—His Speech—Bill Is Not Acted Upon—President Grant Advocates Resumption of Specie Payments—John Sherman [O.] Moves Resolution in the Senate for Resumption of Specie Payments and Establishment of a Uniform Currency—Thomas W. Ferry [Mich.] Moves a Substitute Declaring for Increase of Currency, Free Banking, and against Discrimination against "Greenbacks"—Debate on the Two Resolutions: Senator Ferry, General John B. Gordon [Ga.], George S. Boutwell [Mass.]; No Action—President Grant Repeats His Recommendation—John Sherman [O.] Introduces Bill in the Senate to Resume Specie Payments on January 1, 1879—Debate: Senator Sherman, Allen G. Thurman [O.], Carl Schurz [Mo.], Lewis V. Bogy [Mo.], Thomas F. Bayard [Del.]; Bill Is Passed by Senate and House, and Approved by President Grant—Samuel S. Cox [N. Y.] Introduces in the House Bill to Repeal Date Set for Resumption; Passed in House, Committed in Senate—General Thomas Ewing [O.] Introduces in the House a Bill to Repeal the Resumption Act—Debate: in Favor of Repeal, General Ewing; Opposed, General James A. Garfield [O.]; Bill Is Passed; It Is Committed by the Senate, and (Next Session) Passed; House Fails to Take Further Action.

ON the opening day of the session of 1868-9 Charles Sumner [Mass.] introduced in the Senate a bill for the resumption of special payments; it was shelved in committee.

On December 14, 1868, Oliver P. Morton [Ind.] introduced in the Senate a bill that sales of gold should be stopped at once, and the surplus gold accruing in the treasury be applied to the redemption of United States notes; that after July 1, 1871, the treasury should redeem in coin United States notes presented to it for such purpose; that after January 1, 1872, the national banks should similarly redeem their notes out of a reserve col-

lected therefor; that after January 1, 1872, United States notes should cease to be legal tender except for Government dues; and that thirty-year Government bonds, payable principal and interest in gold, be issued to carry into execution the redemption at the treasury.

On December 16 Senator Morton spoke upon the bill. He first replied to objections against the resumption of specie payments at the time.

"It is said by many that the currency is redundant, and that we cannot return to specie payments until contraction has taken place."

He denied that currency was redundant for the business of the country; this, he said, had adapted itself to the large increase of currency, using it instead of the bills of exchange and promissory notes which were common before the war, when the local bank currency of one part of the country was not acceptable in another. About $100,000,000, he calculated, was employed in this way; $50,000,000 more was needed for the increase of business since 1860. He concluded that the currency was not more redundant now than then, when the banks were paying specie.

Again, it is said that the Government cannot return to specie payments until after we have checked the flow of our gold to Europe by largely reducing our importations of foreign goods. This is a clear case of putting the disease for the remedy. Gold, like every other commodity, is governed by the great commercial law of demand and supply. It goes where it is needed, and leaves the country where it is not in demand. In this country there is now but one demand for gold, which is to pay duties on imports.

In whatever country paper money has been made a legal tender it has invariably driven gold and silver from the circulation, and in great part from the country. Thus it is that Canada is now flooded with American silver. Thus it is that American gold has gone to Europe in a steady stream for five years.

We cannot retain our gold at home except by making a demand for it. The holders of it are not patriotic enough to keep it here for nothing. If we would reduce the importation of foreign goods we must withhold the gold with which they are pur-

chased. And this we cannot do except by making it more profitable to keep it at home than to send it abroad. Until we create this home demand the annual product of our mines in chief part will go to England, France, and Germany to swell the rich volume of their currency.

Again, it is said that specie payments cannot be brought about by special legislation, but can be produced only by the operation of general causes, such as the increase of the tariff, the increase of population and development of the resources of the country, whereby the general credit of the Government will be improved. It is alleged that we can only raise the value of our currency by raising the value of our bonds in the market; that as we bring up the price of our bonds we shall thereby bring up the value of greenbacks; that we can only improve the value of the currency by improving the general credit of the Government, as shown by the value of our stocks, and to this end the surplus gold in the treasury and that which is to accrue should be applied to the purchase of our bonds in the market, to be canceled, thus diminishing the number of them and improving the value of the balance.

This view of the question I hold to be a total misconception. I do not believe that the existence of our bonded debt has anything to do with the depreciation of our currency. I believe our currency would be depreciated as it is if the Government did not owe a single bond or if all our bonds were at par. Why is our currency depreciated? And why would it be depreciated if the Government did not owe a single bond? Because the greenback note is a promise by the Government to pay so many dollars on demand, which it does not pay. The promise is daily broken, and has long been dishonored. The note draws no interest, and the Government has fixed no time when it will pay it. Under such circumstances the note must be depreciated. The solvency or ultimate ability of the promisor never kept overdue paper at par, and never will. To do that something more is required than the ultimate wealth or ability of the promisor. There must be certainty in the payment and time of payment, and if the time of payment be deferred compensation must be made by the payment of interest. One of the wealthiest men in the Northwest, now dead, who left some five million dollars to be divided among his heirs, had an unfortunate habit of refusing to pay his small debts. Instead of paying he would give his notes for them, refuse to pay the notes at maturity, suffer himself to be sued, then hire a lawyer to fight the cases. The result was that his paper was hawked about the

streets at sixty or seventy cents on the dollar, while, perhaps, that of his near neighbor, who kept a small store and was only worth $10,000, but who was prompt in the payment of his debts, could be sold at a very small discount.

In overcoming the depreciation of the currency we have to overcome the difference in value between the greenback currency and the like amount of gold, and not the difference between two thousand millions of bonded debt and two thousand millions in gold. Even if the credit of the Government was so greatly impaired as that her bonds were not worth twenty-five cents on the dollar, still it would not be impossible to make the currency good and keep it at par. If the Government did not owe a single bond the value of our currency could not be improved, except by making arrangements to redeem it; and if the Government does make arrangements to redeem it the existence of the bonded debt will not prevent the improvement in its value. If we should take the surplus gold in the treasury and that which is to accrue and use it in the purchase of bonds in the market, to be canceled as purchased, we should inevitably further depreciate the value of the greenbacks. The explanation of this effect is simple. By taking the gold, which is the only means by which the greenbacks can be redeemed, and applying it to the purchase of bonds, it puts the redemption of the greenbacks out of the power of the Government, and proclaims to the world that it does not intend to return to specie payments.

The proposal to improve our currency by taking our surplus gold and investing it in bonds would be regarded by capitalists as absurd. The gold thus paid out would not enter into the circulation, but would sink back into an article of merchandise to be gambled for, as it now is in Wall street. What would the world think of the morality of such an operation? We have $356,000,000 of the public debt overdue and drawing no interest, and we take the only means of paying this debt and apply it to the purchase, at a discount, of our bonds, which will not be due under fourteen years. What would be said of the integrity of the man who should refuse to pay his debts which are due, leaving his creditors to suffer great loss, and should employ his money to buy up at a heavy shave his debts that will not be due under ten or fifteen years? Plain people would call such a man rascal and swindler, and would speak of the Government in the same terms under the same circumstances. The pretence that it was done to improve the value of the currency would deceive nobody. Such a plan of returning to specie pay-

ments is worthy of the circumlocution office, and should be labeled "How not to do it."[1]

The greenback currency is a part of the public debt, for the redemption of which the faith of the nation is solemnly pledged. The redemption of this pledge is not only demanded by every principle of national honor, but is imperatively demanded by the interests of the people, collectively and individually. The currency of a country lies at the foundation of its daily business and vitally affects the interest of every class and condition of people, and if the Government, overlooking its honor and its duty, should take the only means by which it can be improved and apply it to the purchase of bonds which will not be due for many years it would merit and receive the indignation and contempt of honest men everywhere.

But it is said that if the Government reserves and holds the surplus gold in the treasury, to be applied to the redemption of the greenback currency at some future time, to be fixed by law, it will suffer great loss in the interest on the gold thus held in reserve. In one point of view this objection is well taken. But what else can we do? Is not a difficulty to be encountered by every debtor who collects and holds the money wherewith to finally pay his debts? If a man owe $1,000 can he pay it in any other way than by collecting the money for that purpose and holding it until he gets enough to meet his debt? The Government owes a debt which can only be paid in gold, and it must, if it intends to pay it, collect the necessary amount in gold. If the debt was of that nature that the gold could be paid out on it as soon as collected, of course it should be done; but the debt is not of that nature. If the Government should pay out the gold as fast as it is received in the redemption of the greenback currency it would fail to bring the remainder of the currency up to par, and the gold thus paid out would not enter into the circulation, but would sink back into an article of merchandise such as it now is. The redemption of the greenback currency should not begin until the Government is prepared to redeem all that may be presented, for this would at once bring the whole body of the currency to par, and the gold paid out would go into the circulation and take the place of the paper money redeemed. But if paid out by piecemeal in advance it would not go into circulation or bring up the balance of the currency to par. But what will be the actual loss of the interest on the gold held in reserve compared with the loss sustained by

[1] Readers of "Little Dorrit," by Charles Dickens, will understand this allusion.

the great mass of the people in their labor, trade, and property, to be suffered by the continuance of the present condition of the currency? Scarcely as one dollar is to a hundred. The losses by the failure to employ labor; by the stagnation of business; by the paralysis of trade; by the delay in general progress and development, brought about by depreciated, fluctuating, and deceptive currency, when estimated in dollars, would form a vast sum, compared with which the loss of interest on the reserved gold would be a mere bagatelle.

But, if we do not obtain the gold to redeem the greenback currency in the manner proposed, in what other way or at what time shall it be obtained? Shall the Government go into Wall street and buy it like the importers or the gamblers? Or shall we sell new bonds in Europe at seventy or seventy-two cents on the dollar and obtain it in that way? Will it be easier to begin the process at the end of five years, the nation suffering in the meantime all the evils and losses of depreciation? Shall the nation stand shivering for years on the banks of this Jordan and then make the plunge when the waters are deeper, swifter, and colder than now? Such is not the part of wisdom or patriotic statesmanship.

If an individual fails to pay his debts payment may be enforced by the law against his property, but against the Government there is no such remedy. What would be mere neglect or failure, therefore, on the part of an individual would be repudiation by a Government.

If the greenback note is to be regarded as an obligation for the payment of which the faith of the Government is pledged the continued failure of the Government to make any provision for its redemption cannot be regarded in any other light than repudiation. When the first of these notes were issued it was provided that they might be funded into the five-twenty bonds, but that provision was shortly after repealed, and they now stand in the nature of a forced loan, drawing no interest, and, for all that appears, are to be left to perish in the hands of the people.

If when the five-twenty bonds fall due the Government should fail to pay them, or to make any satisfactory provision for funding them into a new bond, the cry of repudiation would at once be raised; and yet it cannot be shown that the legal and moral obligation to pay those bonds at maturity is greater than that resting on the Government to make prompt provision for the redemption of the greenback currency. The legal obligation is no greater, and the moral obligation hardly so strong;

for the greenback notes are in fact the people's bonds, the bonds of the million, in which are invested the laborer's toil and the meager profits of the humble occupations in life, which, more than any others, demand the fostering and protecting care of the Government.

But, while it is true that the discount on our bonds has little, if anything, to do with the depreciation of our currency, it is also true that the depreciation of the currency has much to do with the discount on the bonds. I do not believe that our bonds will ever reach par, or approach it nearly, until the currency is made good.

The legal-tender currency of a country bears an intimate and, perhaps, a mysterious relation to every form of credit and security, both public and private, and if it be depreciated inevitably drags them down to its own level. The legal-tender currency is at par in contemplation of law and in the payment of debts, though it may not be worth six cents on the dollar. It is the "par" and measure of price and value recognized in all the ordinary business of the country. The prices of property and all articles of trade are not given at so much in gold, but in greenbacks, and the legal-tender value of the greenbacks is so identified in the public mind with the measurement in price of every species of property, merchandise, and labor that it assimilates to itself as well the price of securities, even though by their terms they may be made expressly payable in gold.

As the value of our legal-tender currency goes up the price of our bonds will go up with it; and what is true of Government securities is equally true of the great mass of American securities, public and private.

Another obstacle to the adoption of any plan for returning to specie payments is the cry that the right way to resume is to resume at once. I have labored to find that this means anything but the indefinite postponement of resumption. Everyone must comprehend that the Government cannot redeem the greenback currency without first collecting the gold to do it with; that it cannot return to specie payments by contraction without taking time to contract, with all its attending calamities; that, in short, there is no process by which it can be done, however ruinous, that does not involve time. If the Government should pay out the $70,000,000 surplus gold now in the treasury in the redemption of an equal amount of greenbacks the whole country would know that it was not prepared to redeem any more. The gold paid out would not pass into circulation, but sink back into an article of merchandise, the bal-

ance of the greenback currency be but little improved, and the net result of the operation would simply be the contraction of the currency to the extent of $70,000,000 and the indefinite postponement of the redemption of the balance.

But the great obstacle to the return to specie payments, and the one which we will have the greatest difficulty in overcoming, is the interest against it. The premium upon gold, and the advantages it gives to certain classes over others were unavoidable in the beginning, but should not be allowed to continue a single day longer than is necessary. The present condition of things produces great inequalities among the people, which if longer continued will give rise to heartburnings and tend to demoralize the public sentiment in relation to our national obligations.

To illustrate: A is the owner of $10,000 five-twenty bonds, from which he derives an income of $600 in gold. This gold, when converted, will realize $800 in currency, and upon his bonds he pays no tax whatever. B is the owner of $10,000 in six per cent. railroad bonds, from which he derives an income of $600 in currency, and upon these bonds he pays at least two per cent. for State and county purposes, which will reduce his income to $400, just one-half the amount of A's. B may, perhaps, not feel very comfortable over this state of things, and will be led to inquire into the cause of this gross inequality. He will be told that so far as it arises from taxation it is unavoidable, as the States cannot tax Government securities; but so far as it arises from the condition of the currency speedy relief may be afforded by the Government if it will. Equal rights are the gift of God to all men, and equal conditions in society, equal facilities for acquiring wealth, equal rewards for labor, and the equal support of public burdens should be given by every Government to its people so far as it may be possible.

To the man who lent his money to the Government to carry on the war for the suppression of the rebellion I am grateful. Whatever may have been his motives he was a public benefactor, and entitled to the thanks of the nation. With him the Government must keep faith, whatever that faith may be; for good faith covers a nation like a clear and refreshing atmosphere, which imparts health and vigor to men and through which all nature seems beautiful and bright. But when faith is broken, it is as if the air were filled with noxious vapors, which obscure the sight, impair the health, and end in darkness, disease, and death. But while our creditors should receive all that they are entitled to in law and equity it is not bad faith to improve the condition of the balance of the people and bring them up as

nearly as possible to the same prosperous level. The exemption from taxation is a legitimate advantage, as it results from the nature of their securities; but the additional profit of a premium on their gold was accidental in the beginning, and if continued for their benefit, and beyond the necessity which created it, would become fraudulent to the rest of the nation.

The credit of the Government of the United States was never so good as it is now. Its resources never developed so rapidly as now, were never so well understood as now, and the faith of the people in the destiny of our country is greater than ever before. While there are very few men in the country who doubt the ability of the Government to pay off the whole debt, I have never met with one who doubted its ability to redeem or pay off the legal-tender notes. In regard to the redemption of these notes it has never been a question of ability but of purpose, and to say that these notes cannot be paid until the general credit of the Government is improved by the expenditure of some hundreds of millions in the purchase of bonds that will not be due for years is to fly into the face of common sense and insult the intelligence of the people.

The policy of the Secretary of the Treasury [Hugh McCulloch] travels in a circle which invariably brings him back to contraction. He proposes nothing for redemption, and offers only that policy which he says has been emphatically condemned by Congress and as emphatically by the country. Contraction is the "Sangrado policy," of bleeding the country nearly to death to cure it of a disease which demands tonics and building up. The withdrawal of even $100,000,000 of the circulation would produce great stringency in the money market, innumerable bankruptcies, and most likely result in panic and crash from which the country would not recover for years, and during which the power of the Government to fund the debt and redeem the balance of the greenback currency would be paralyzed. To contract the currency to the extent of funding all the greenbacks would be financial suicide—would precipitate a disaster to the trade, industry, and prosperity of the country for which there is no example in history. We must not return to specie payments in that way. We must descend the mountain by easy slopes and gentle curves, though it may take much longer, rather than spring from the top of the precipice to be dashed to pieces at the bottom.

But it is broadly intimated by the Secretary that the Supreme Court will decide the laws making the greenbacks a legal tender in payment of debts to be unconstitutional, and there-

fore void. If the deed is to be done let it be by the court, and not by Congress. But it would have to be a very clear case that would justify the court in making a decision fraught with such terrible calamities to the country. If there be doubts hanging about the question they should be cast in favor of the legislation of Congress and the preservation of the vast interests that are dependent on the maintenance of the law. The Supreme Court, having jurisdiction over questions involving vast political, commercial, and social interests, should be something more than the rigid expounder of statutes or the collator of precedents, and should view such questions as statesmen as well as lawyers.

It was Lord Mansfield who plucked up by the roots the hoary abuses of the law, however deeply imbedded in ancient authorities, and who, in the construction of statutes and settlement of great questions, decided them in accordance with the progress of the times and the new conditions of society, and thus rendered himself immortal in the history of jurisprudence.

The speaker concluded by justifying the details of his bill. His speech may be considered as a reply to the theory of Hugh McCulloch, the Secretary of the Treasury, that the reduction of the currency was a necessary step to the resumption of specie payments. [See chapter XIII.]

Senator Morton's bill was referred to the Committee on Finance, which reported instead a bill framed chiefly by John Sherman [O.], chairman. Senator Sherman brought the bill forward on January 18, 1869. Its provisions appear in his speech.

The object we have in view is to appreciate our currency to the standard of gold as rapidly as the public interest will allow. Our present currency or "lawful" money consists of notes of the United States, and these are a legal tender in payment of all debts. Based upon them, and of equal value with them, is a subsidiary currency of notes of national banks, and these are redeemable in United States notes, and are receivable in payment of taxes. We have also a form of demand notes, convertible at the will of the holder into lawful money, called three per cent. certificates. We have also a fractional paper currency which is convertible into lawful money on demand. These four

species of notes compose the paper currency of the country, and the amount of each is stated as follows:

United States notes	$356,021,073
National bank notes	299,806,565
Three per cent. certificates	55,865,000
Fractional currency	34,215,715
In all	$745,908,353

All this currency is by law at par. By law it is either made the standard of value or may at pleasure be converted into the standard of value. It is the legal measure of all commodities and of all debts, except for duties on imported goods and interest of the public debt. But in truth and in fact it is not at par in the standard money of the world. One dollar of it has only the same purchasing power as seventy-four cents in gold. Gold, which is real money, not the representative of money, but money itself, of intrinsic value, recognized as such by every man in all civilized countries and in all ages of the world—gold is demonetized by the law, cannot be collected in the courts, and, like cotton or wheat, is treated as a commodity whose value is measured by what we call "lawful money."

Now, it seems to me that the first step in our investigation should be to abandon the attempt to reason from a false standard. We must, to begin with, recognize the immutable law of currency; and that is, there is but one par, and that par is gold. Since the earliest records of humanity gold and silver have been employed as the equivalent for effecting exchanges. From Solon to our day innumerable attempts have been made to substitute something else as money, but in spite of all gold and silver have maintained their exclusive dominion as the money of mankind.

The gold in the shield of Achilles, the shekels that bought the field at Machpelah, the pieces of silver the price of the blood of our Saviour, will be current coin when the completed history of nations now rising into greatness will be folded away among the records of time.

No nation can permanently adopt a standard of value that will not be controlled and regulated by the standard of gold. No degree of isolation, no expedient of legislation can save any nation which maintains any intercourse with foreign nations from the operation of this supreme law. Like the tides of the ocean or the movements of the planets, it is beyond our jurisdiction. This higher law of the standard of values will sooner or later govern and regulate all prices, even of commodities that

do not enter into foreign exchanges. It is utterly idle for a commercial people like the United States, with a foreign commerce of $800,000,000 annually, with citizens trading in every port of the world, and receiving annually four hundred thousand immigrants, to escape from the operation of this primary law of trade. Different nations have tried various expedients to evade it, and have always failed. For centuries gold and silver coins were clipped and alloyed, but it only took more of them to buy a certain commodity. In modern times paper money or credit has been substituted for real money. Laws compelled the people to take them as money. As long as this money did not exceed the amount of real money in the country it operated well. It promoted exchanges and gave great activity to enterprises, and its nominal value was the same as its real value. But when the paper money was increased or the gold exported, the paper money depreciated; it had less purchasable power, prices rose, and either the paper money became demonetized, was rejected and repudiated, or the false standard was advanced in value to the gold standard.

During our brief national history we have made several efforts to substitute paper money for real money. Continental money was a revolutionary effort to coin paper into money. General Spinner [Treasurer of the United States] has had occasion recently to inform some Rip Van Winkle, who wished Continental money redeemed in lawful money, that provision had been made to redeem it at the rate of one dollar in coin for one hundred dollars Continental money, but even this poor privilege expired in 1793.

During the war of 1812 the United States undertook to treat State bank bills as lawful money. They soon became depreciated, and, when the war was over and it became necessary to appreciate them to the gold standard, notes, banks, and debtors were swept into general bankruptcy, and the people commenced again upon the solid basis of gold and silver coin.

So, during our Civil War, both the United States and the rebels undertook to make paper not merely the representative of money, but real money. The paper money of the rebels followed the course of Continental money and French *assignats*. Ours, carefully limited in amount, supported by heavy taxes and by great resources, is still called lawful money; but, after all, its value is daily measured by the gold standard. It is only the substitute of money to be paid at a future day, and is not real money.

Even silver, long the standard of value among civilized na-

tions, is now demonetized in some of them from the impossibility of maintaining a double standard. It was found by experience that the market value of these two precious metals varied as the production of one or the other increased in amount, thus creating confusion and compelling alterations in the coinage. The result is that silver in Great Britain and the United States is a legal tender for but small amounts, while gold is the universal standard of value. Even the stamp fixed by a government in the process of coining does not make it money or change its value. It only certifies to its weight and fineness as a matter of convenience and not as an addition of value. Indeed the mechanical process of coining has frequently reduced the market value of the gold by making it necessary to receive it when exported.

Let us, then, recognize as an axiom that nothing but coin is the real money before we undertake to deal with our currency. And Senators may think I consume too much time in dealing with an apparent truism, but it will be found that the denial of this truism, both in Congress and among the people, is the cause of most of the confusion in the public mind as to our currency. It affects our minds as it affected the Englishman in 1810. When told that the Bank of England note was depreciated he said: "Is not this pound note worth twenty shillings, and you tell me it is only worth sixteen?" Or like the reason of the learned priests in the time of Galileo, who saw the sun moving around the four corners of the earth and knew that Galileo was an imposter. So we call our paper money par, and having made a god with our own hands compare all other gods by it. We must, then, abandon the false standard, set up again the true standard, and compare again our money, our productions, our wealth, and our resources by the true standard, or we will allow ourselves to be led by false premises into the most erroneous conclusions.

And yet this does not impugn the wisdom of a paper currency founded upon the credit of a nation, or of it being made in times of great public danger a legal tender in payment of debts. Such paper money has exercised a powerful influence in ancient as well as modern history. It saved Rome in her fierce conflict with Hannibal. It enabled Great Britain to maintain her wars against Napoleon. Without paper money, and, as I believe, without making it a legal tender, we could not have mustered and maintained our immense armies during the recent war. Gold was banished by the war. The quantity was too small for the vast expenditure required by the war. We had then no legal

paper representative of value. The State bank notes were wisely excluded from national circulation. We then cautiously issued our legal-tender notes, carefully limiting their amount, and only increasing the amount when we could not borrow them back at a reasonable rate of interest. We called them lawful money, and as a measure of the highest necessity compelled our citizens to receive them as such, but after all they were only a forced substitute for money, the promise to pay money, and not real money. Though they were made the legal standard of value their own value was daily fixed in gold in the open market in New York. We watched their depreciation as the dark days of the war came on, and tried to arrest it. We utterly failed. The effort was patriotic, but it was impossible. England did the same in her wars. She passed laws forbidding the purchase and sale or exportation of gold, but, like ours, her efforts were abortive. I am not ashamed to confess my part in all the efforts made during the war to maintain our paper money as the true standard of value, and I confess it was impossible.

A distinction between the standard of value and the actual agent of exchange must always be kept in view. One must be gold and the other ought to be paper money convertible into gold.

Such paper currency, with proper measures to meet panics or extreme drains of specie, is proven by all experience to be the best possible currency that has yet been devised by man. An unmixed coin currency cannot exist in a commercial country, for necessity will compel, merchants will devise, and the people will use some representative of money whether it be banker's bills of exchange, certificates of deposit, or bank or Government paper money. And one unbending, unrelaxing rule that compels payment in coin at all times, during panics, distress, or war, as well as in peace, will periodically produce disaster and bankruptcy. The requisites of a good currency are:

1. That it be a paper currency.

2. That it be amply secured either by the credit of a nation or by unquestioned collaterals.

3. That except in extreme cases of panic it be convertible into coin.

4. That provisions be made for a suspension of the right to demand coin during such panics.

And the only legislative questions that can arise on these points are whether the paper money should be issued by the nation or by corporators, and what relief shall be provided in case of a necessary suspension of specie payments. As to the first

question, both England and the United States have settled upon a bank currency secured by the public credit. As to the second, they have tried various devices, as the raising of the rate of interest, a temporary suspension of payments, making the paper a legal tender; but all these expedients are merely temporary to bridge over a war, a panic, a period of starvation, or an unnatural adverse balance of trade. They are remedies in sickness to be discarded the moment that health comes again. Whatever theorists may suggest, however sugar-coated the remedy may be, there is but one test of a healthy paper currency, and that is its convertibility into gold coin.

If, then, gold only is the true standard of money, why shall we not commence our financial measures by restoring it to its place as a legal standard of money? Why not allow our citizens to base their future contracts on gold? Why not enforce these contracts in the courts as legal and valid? There are difficulties in applying a new standard to existing contracts made upon a different standard; but this difficulty does not apply to future contracts. We wish to restore specie payments, and yet we forbid all men from dealing in specie. Such contracts are put upon the same legal footing as gaming contracts. It would seem that if we are at all sincere in wishing specie payments we should not only promote specie contracts, but should encourage them.

Contracts, to a vast amount, are now from necessity made upon the gold basis. All our foreign commerce, exports and imports, amounting annually to over eight hundred million dollars, are based upon gold. The price of all public securities is fixed by the gold standard of London and Frankfort. The sale of all imported goods by the importer to the jobber is by the gold standard. The daily transactions in gold in New York often amount to $100,000,000. On the Pacific slope gold is the only standard of value. We could not alter this if we would. Why not recognize the fact, legalize these contracts, and conform our measures to the gradual adjustment of existing contracts, including paper money, to the standard of gold.

And, sir, let us also recognize the general principle that it is wiser and more in accordance with the spirit of our Government to leave this adjustment to the voluntary contracts of the people rather than undertake it by arbitrary rules of law. If our people are left free they can do this without injury to debtor or creditor, without confiscation of property, and without any change in the intrinsic value of property.

For these reasons the Committee on Finance regard the first

section of this bill, which legalizes gold contracts, as an indispensable preliminary to any plan for appreciating our currency to gold. This section has twice received the sanction of the Senate, and its primary importance has generally been admitted in popular discussions.

Not only ought specie contracts to be allowed, but they ought to be encouraged. Every such contract smooths the way to a general resumption. If they become general gold now hoarded will be let loose. This will produce an expansion of the currency.

It is only by restoring gold contracts that you can safely avail yourself of all the multiplied uses of paper money. Then, and not until then, you can issue paper money based upon gold. The gold now lying idle in the treasury may then be utilized, made to produce an interest by the issue of coin notes based upon it, and thus enter into actual circulation and gradually be made to perform all the uses of money now performed by a depreciated currency. This is the basis of the fourth section of the bill, which utilizes the gold by the issue of gold notes based upon it, and their application to the purchase of bonds and the reduction of interest.

And the right to make contracts in gold may now safely and properly be extended to banks organized under the national banking system. Upon a deposit of bonds existing banks or new banks may be authorized to issue gold notes equal to sixty-five per cent. of the value of United States bonds deposited to secure their circulation. Their payment will be in coin, but in all other respects they may be subject to the general provisions and limitations of the banking act. Many of the banks, especially in commercial cities, will gladly avail themselves of such a provision to withdraw their present circulation and substitute gold notes convertible on demand into coin. With such a provision and on such a basis the system may be free, and thus all the embarrassing questions about the inequality of the distribution of banking circulation will be avoided. A right conferred upon all, without limit as to amount and upon regulations applicable to all, would at once secure to the South and West new banking facilities, and would rapidly tend to substitute coin or its equivalent for legal tender notes, and without the severe process of contraction. The objection made, that this would create two currencies of unequal values, applies as well to the present state of the currency, for we have now two currencies of unequal value—gold and legal tenders.

If we are sincere in wishing specie payments we must not

only multiply the demands for coin; we must encourage coin contracts, issue coin notes both by the United States and by the banks, and thus without contraction dispense with the use of the inferior and depreciated currency.

The superior value of coin notes, their use in commercial cities, their convenience in the gold-producing States will soon give them higher credit, and secure them in every part of the country. I am confident that under such a system the national banks will, if allowed, and before specie payments are resumed, substitute coin notes for their present circulation, and that, too, without diminishing the aggregate of circulation. Many of them have now reserves and profits enough to make the requisite deposit of additional bonds; and the gold certificates now issued from the treasury might be used for their coin reserves without creating new demands for coin.

There is but one other consideration I wish to urge in favor of the sections of this bill relating to gold contracts and gold notes, and that grows out of the doubt that rests upon the validity of the legal-tender act. We must not forget that currency contracts depend not upon the agreement of parties, but entirely upon the validity of that act. This has always been doubted, and is now contested before the Supreme Court. It may be that the Supreme Court will deny the validity of the legal-tender act, or limit its operation to existing contracts made since its passage. It may subject currency contracts to enforcement in coin. Is it not wiser to bridge over this uncertainty by authorizing the adjustment of this matter between the creditor and debtor?

Again, sir, the law as it now stands is productive of gross injustice. You require nearly one-half of your taxes to be paid in gold, and yet you will not enforce a contract by which the merchant buys the gold for you. Cargoes of tea, coffee, and merchandise can only be bought in gold, and yet if property is delivered upon a promise to pay gold it cannot be enforced. Gross and palpable injustice may be done in a multitude of transactions necessarily based upon gold by appealing to the legal-tender act. I conclude, then, this branch of the subject by the earnest opinion that it was a good policy three years ago, and it is good policy now, to allow all parties to stipulate the time when, the amount, and the medium of payment, subject to the general laws of fraud, usury, and force. Free trade in domestic productions, liberty to contract and be contracted with, has never been restrained before. Let us restore these rights; and, having also provided a paper representative of the coin in

the treasury of the United States and a bank currency convertible into gold and founded upon the highest securities, let us now deal with the much more difficult question—the appreciation of the present currency to the standard of gold.

If this question affected alone the Government of the United States we might resume specie payments very soon; sooner even than the Senator from Massachusetts [Mr. Sumner] proposes.[1] By funding a portion of the United States notes, by requiring the banks to maintain their full reserves in legal tenders, by withdrawing the three per cent. certificates, and by the use of the gold in the treasury, we could resume at once.

And if the burden of resumption fell alone upon the national banks the task would be an easy one. Their securities, deposited with the Treasurer of the United States, are now nearly equal in gold to the amount of their circulation. A call under the banking act of ten per cent. additional security could be easily met by the great body of them, and thus enable them to resume whenever the United States is prepared to resume. Their profits in the past have been large. Those not now strong enough to perform the great object of their organization, namely, to furnish a uniform currency convertible into gold, may well give way to other banks ready to take their places.

But redemption by the banks means redemption by all their debtors; by the merchants, manufacturers, and traders of the country. And we are therefore compelled to deal with this question, not as affects the United States and the banks merely, but as it affects all the people of the United States. How will the appreciation of the currency affect their interests? Suppose it accomplished, how will it affect different individuals? A person entirely out of debt but possessed of property of productive value would not be affected by the change. His property would be of less nominal value, but it would be of the same intrinsic value. Its producing capacity is undiminished. It will buy the same food, clothing, and necessaries of life. The relative value of commodities to each other is not affected by the currency used, but by supply and demand.

If the currency is depreciated it will take more of it to purchase the article. If it is appreciated it will take less; but the appreciation or depreciation of the currency does not affect the price of other commodities in their relation to each other. This can only be affected by the demand for them, by the supply of them, and ultimately by the cost of producing them.

So a man without property and not in debt, but who de-

[1] July 4, 1869.

pends upon his labor for his support, is not in the end affected merely by an appreciation in the currency. His wages may be less, but what he receives of the appreciated currency has the same purchasing power as the higher wages received before. The change does affect him for a time, for land and labor are the last commodities to feel a change in the currency. The immediate effect of a depreciation in the currency is injurious to him, for his food and clothing rise more quickly than his labor, but appreciation of the currency is immediately beneficial to him for the reason that his labor does not fall in price so quickly as food and clothing. The value of labor, however, may be disastrously affected by the mode of appreciation. If it is brought about by a sudden contraction the result will be a suspension of work, of enterprises, and consequently a reduction in the price of labor.

Persons of fixed salaries and incomes are benefited by an appreciation of the currency to the full extent of the appreciation. Their incomes have increased purchasing power, and they are enabled to extend their purchases, supply new wants, and add to their capital. The opposite effect during the war, when the currency was being depreciated, carried distress and want and poverty into many comfortable homes. It fell with severe effect upon preachers and widows and old men, who saw the purchasing power of their annuities melt away, and a condition of independence changed to poverty and want. They will, by an appreciation of the currency, be restored to their own again.

Merchants, dealers, traders, and bankers will be affected by an appreciation of the currency precisely as their debts and credits bear to each other. If they owe more than they can promptly collect on debts due to them they must lose to the full extent of the appreciation, and they must make this loss good by a sale of a part of their property at reduced prices or by contracting new debts to be paid in an appreciated currency. As a general rule, any appreciation of the currency is injurious to all these classes, for they are generally in debt, and even where enough is due them to pay with yet the delay in payment or the failure of their debtors almost always embarrasses them. Commercial and banking usage compels promptness, so that a merchant or a banker, however prudent he may be, is often compelled to sacrifice his assets to meet a sudden appreciation of the currency.

But the distress caused by an appreciation of the currency falls mainly on the debtor class; others suffer only by reason of their inability to pay. What do specie payments mean to a

debtor? They mean the payment of $135 where he has agreed to pay $100, or, which is the same thing, the payment of $100 where he has agreed to pay seventy-four dollars. Where he has purchased property and paid one-fourth of it, it means the loss of the property; it means the addition of one-fourth to all currency debts in the United States. A measure to require a debtor now to pay his debt in gold or currency equivalent to gold requires him to pay one hundred and thirty-five bushels of wheat when he agreed to pay one hundred, and if this appreciation is extended through a period of three years it requires him to pay an interest of twelve per cent. in addition to the rate he has agreed to pay. When we consider the enormous indebtedness of a new country like ours, where capital is scarce, and where credit has been substituted in the place of capital, it presents a difficulty that may well cause us to pause. We may see that the chasm must be crossed, but it will make us wary of our footsteps. Good faith and public policy demand that we appreciate our currency to gold, but in the process we must be careful that bankruptcy, distress, and want do not fall upon our fellow-citizens who have based their obligations upon your broken promises. The debtors of this country include the active, enterprising, energetic men in all the various employments of life. It is a serious proposition to change their contracts so as in effect to require them to pay one-third more than they agreed to pay. They have not paused in their business to study questions of political economy. They have based their operations upon this money, which you have declared to be lawful money. You may change its relative value, but in doing so you should give them a reasonable opportunity to change their contracts so as to adapt them to the new standards of value you may prescribe for them.

The question then remains, what mode of appreciation of the value of greenbacks will operate the least injuriously to all the varied business interests of our constituents? and upon this point your committee, after the most careful consideration, came to the conclusion that the only and best plan was to allow them to be funded at the pleasure of the holder into interest-bearing bonds of the United States.

In designating the bond we have selected that now familiar to the people, the ten-forty bond. The market value of this bond is now but slightly above that of the legal tenders, so that the process of appreciation of the notes will be slow and will only advance with the improving credit of the country. It is a bond bearing as low a rate of interest as we are likely to negotiate, and yet of such intrinsic value that we may hope to see it at par with gold within a short period. It enables us after ten years to take advantage of the money market to still further reduce the interest. Its credit is supported by a permanent appropriation from an ample fund sufficient without further act of Congress to pay off every dollar of the debt in twenty-five years.

Again, sir, this provision of the bill is right when tested by the moral sense. When for sufficient reasons we cannot pay the note in coin we are bound to give to the holder our note with interest. Such from the beginning was the policy of the Government. When the notes were first issued under the act of February 25, 1862, they were convertible at will into bonds. We, with a questionable device, by the act of March 3, 1863, took away that right, and should now restore it. During the war a greenback would purchase an equal amount of bonds of any character offered in the market. It paid at par for the five-twenties, the ten-forties, and the seven-thirties. It is now less valuable than these bonds only because it is dishonored paper, which though due is unpaid, and is only valuable as a forced currency, which you compel your citizens to take in payment of their debts, but refuse to take for your own bonds except at a discount. You give the bond the benefit of the improving credit of the country, but you deny this to the note. The simplest and plainest rule of equity requires you if you cannot pay this note to give in exchange for it a bond bearing interest.

Such, sir, are the general provisions of this bill. It seeks to substitute gradually, by the voluntary action of the people, coin contracts, coin notes, and convertible bank bills for currency contracts and irredeemable and inconvertible paper money. It seeks to secure to the public creditor the prompt payment of his interest in coin, and to the people the like payment in coin of the depreciated notes held by them. If the process is too slow it is because the danger of a more rapid process is too great.

It now remains for me very briefly to state why other propositions submitted to the committee have not been approved. Your patience will not allow me to examine any of the multitude of suggestions that have been made in the public prints, though many of them are worthy of careful study. I will only allude to some propositions that have been referred to the committee. The suggestion of the President to pay the interest for sixteen years if the creditor would surrender the principal has already been disposed of. The plan of the Secretary of the Treasury to contract the currency until we reach the specie basis has already been incidentally referred to. The proposition of the Senator

from Massachusetts [Mr. Sumner], though not formally referred to the committee, yet having the sanction of his great name, was carefully considered, and so much of it as was approved was embodied in the bill reported; but its principal feature, the repeal of the legal-tender act after the 1st of July next, is far too sudden, and will, if I am correct in the views already expressed, be disastrous to the great body of the active business men of the country.

The plan of the Senator from Indiana [Mr. Morton], supported by an able speech, was carefully considered by the committee. It rests upon two leading ideas:

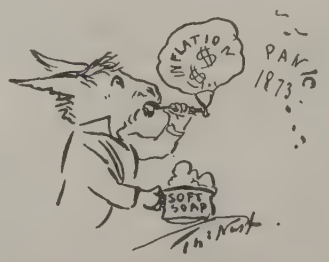
1. The accumulation of gold in the treasury; and
2. The fixing a specific day for the resumption of specie payments.

Now, in most of his speech I heartily concur. All that he says of the necessity of resuming specie payments, of the effect of contraction, and the unjust discrimination that now exists between the noteholder and the bondholder—all this meets my hearty assent. It is the remedy he suggests we have to deal with. Would not the effect of his measure be that the Government would hoard the gold and the people the greenbacks, and thus make the contraction he fears? What more profitable investment could any man make than to take this dollar, now having a purchasable power of seventy-four cents in gold, locking it in his safe with a certainty that in two years it must be worth one dollar in gold or an annual advance of seventeen and a half per cent.? Would not every bank sharply contract its currency and hoard greenbacks as the best investment it could make? What prudent man would dare build a house or factory, a railroad, or a barn, with the certain fact before him that the greenbacks he puts into his improvement will be worth thirty-five per cent. more in two years than his improvement then is worth? Why not hold his money for two years until his building will cost him one-third less? When the day comes every man, as the sailors say, will be close-reefed; all enterprise will be suspended; every bank will have contracted its currency to the lowest limit, and the debtor, compelled to meet in coin a debt contracted in currency, will find the coin hoarded in the treasury, no representative of coin in circulation, his property shrunk not only to the extent of the appreciation of the currency, but still more by the artificial scarcity made by the hoarders of gold.

All the historical precedents show that fixing the day for resumption inevitably led to a contraction of the currency by

the banks, so that when the day came the actual scarcity of currency prevented a demand for coin. We, therefore, think that the general objects sought for by the Senator from Indiana [Mr. Morton] can be better attained by legalizing specie contracts; by utilizing the coin in the treasury; by the gradual substitution of coin, United States notes, and bank bills for the present currency, rather than accumulating gold and fixing a day for resumption.

The bill was discussed at various times during the session, but no action was taken upon it.



FINE-ASS COMMITTEE
Sketch by Thomas Nast

In his second inaugural address on March 4, 1873, President Grant referred to the financial panic of that year, saying that, although it had materially lessened Government revenues, it might prove a "blessing in disguise" by inciting Congress to take steps against its recurrence, and to seize the opportunity afforded by it to hasten the resumption of specie payments.

Resumption of Specie Payments

Second Inaugural Address of President Grant

My own judgment is that, however much individuals may have suffered, one long step has been taken toward specie payments; that we can never have permanent prosperity until a spe-

cie basis is reached; and that a specie basis cannot be reached and maintained until our exports, exclusive of gold, pay for our imports, interest due abroad, and other specie obligations, or so nearly so as to leave an appreciable accumulation of the precious metals in the country from the products of our mines.

The development of the mines of precious metals during the past year, and the prospective development of them for years to come, are gratifying in their results. Could but one-half of the gold extracted from the mines be retained at home our advance toward specie payments would be rapid.

To increase our exports, sufficient currency is required to keep all the industries of the country employed. Without this, national as well as individual bankruptcy must ensue. Undue inflation, on the other hand, while it might give temporary relief, would only lead to inflation of prices, the impossibility of competing in our own markets for the products of home skill and labor, and repeated renewals of present experiences. Elasticity to our circulating medium, therefore, and just enough of it to transact the legitimate business of the country and to keep all industries employed, is what is most to be desired. The exact medium is specie, the recognized medium of exchange the world over. That obtained, we shall have a currency of an exact degree of elasticity. If there be too much of it for the legitimate purposes of trade and commerce, it will flow out of the country. If too little, the reverse will result. To hold what we have, and to appreciate our currency to that standard, is the problem deserving of the most serious consideration of Congress.

The experience of the present panic has proven that the currency of the country, based as it is upon the credit of the country, is the best that has ever been devised. Usually in times of such trials currency has become worthless, or so much depreciated in value as to inflate the values of all the necessaries of life as compared with the currency. Everyone holding it has been anxious to dispose of it on any terms. Now we witness the reverse. Holders of currency hoard it as they did gold in former experiences of a like nature.

It is patent to the most casual observer that much more currency, or money, is required to transact the legitimate trade of the country during the fall and winter months, when the vast crops are being removed, than during the balance of the year. With our present system the amount in the country remains the same throughout the entire year, resulting in an accumulation of all the surplus capital of the country in a few centers when

not employed in the moving of crops; tempted there by the offer of interest on call loans. Interest being paid, this surplus capital must earn this interest paid, with a profit. Being subject to "call," it cannot be loaned—only in part at best—to the merchant or manufacturer for a fixed term. Hence, no matter how much currency there might be in the country it would be absorbed, prices keeping pace with the volume, and panics, stringency, and disasters would ever be recurring with the autumn.

Elasticity in our monetary system, therefore, is the object to be obtained first, and next to that, as far as possible, a prevention of the use of other people's money in stock and other species of speculation. To prevent the latter, it seems to me that one great step would be taken by prohibiting the national banks from paying interest on deposits, by requiring them to hold their reserves in their own vaults, and by forcing them into resumption, though it would be only in legal-tender notes. For this purpose I would suggest the establishment of clearing-houses for your consideration.

To secure the former many plans have been suggested, most if not all of which look to me more like inflation, on the one hand, or compelling the Government, on the other, to pay interest without corresponding benefits upon the surplus funds of the country during the seasons when otherwise unemployed.

I submit for your consideration whether this difficulty might not be overcome by authorizing the Secretary of the Treasury to issue, at any time, to national banks of issue, any amount of their own notes below a fixed percentage of their issue—say 40 per cent.—upon the banks depositing with the Treasurer of the United States an amount of Government bonds equal to the amount of notes demanded; the banks to forfeit to the Government, say, 4 per cent. of the interest accruing on the bonds so pledged, during the time they remain with the Treasurer, as security for the increased circulation; the bonds so pledged to be redeemable by the banks at their pleasure, either in whole or in part, by returning their own bills for cancellation to an amount equal to the face of the bonds withdrawn.

I would further suggest for your consideration the propriety of authorizing national banks to diminish their standing issue at pleasure, by returning for cancellation their own bills and withdrawing so many United States bonds as are pledged for the bills returned.

In view of the great actual contraction that has taken place in the currency, and the comparative contraction continuously

STAND BACK!

"I am not a believer in any artificial method of making paper money equal to coin."—President Grant's Veto of the Inflation Bill.

Cartoon by C. S. Reinhart

going on, due to the increase of population, increase of manufactories, and all the industries, I do not believe there is too much of it now for the dullest period of the year. Indeed, if clearing-houses should be established, thus forcing redemption, it is a question for your consideration whether banking should not be made free, retaining all the safeguards now required to secure bill holders.

In any modification of the present laws regulating national banks, as a further step toward preparing for resumption of specie payments, I invite your attention to a consideration of the propriety of exacting from them the retention, as a part of their reserve, of either the whole or a part of the gold interest accruing upon the bonds pledged as security for their issue.

I have not reflected enough on the bearing this might have in producing a scarcity of coin with which to pay duties on imports to give it my positive recommendation. But your attention is invited to the subject.

During the last four years the currency has been contracted, directly, by the withdrawal of 3 per cent. certificates, compound-interest notes and 7-30 bonds, outstanding on the 4th of March, 1869 (all of which took the place of legal tenders in the bank reserves), to the extent of $63,000,000.

During the same period there has been a much larger comparative contraction of the currency. The population of the country has largely increased. More than 25,000 miles of railroad have been built, requiring the active use of capital to operate them. Millions of acres of land have been opened, requiring capital to move the products. Manufactories have multiplied beyond all precedent in the same period of time, requiring capital weekly for the payment of wages and for the purchase of material; and probably the largest of all comparative contraction arises from the organizing of free labor in the South. Now every laborer there receives his wages, and for want of savings banks the greater part of such wages is carried in the pocket, or hoarded until required for use.

These suggestions are thrown out for your consideration without any recommendation that they shall be adopted literally, but hoping that the best method may be arrived at to secure such an elasticity of the currency as will keep employed all the industries of the country, and prevent such an inflation as will put off indefinitely the resumption of specie payments; an object so devoutly to be wished for by all, and none more earnestly than the class of people most directly interested—those who "earn their bread by the sweat of their brow." The deci-

sions of Congress on this subject will have the hearty support of the Executive.

The Currency

Senate, December 10, 1873–January 22, 1874

On December 10, 1873, John Sherman [O.] introduced in the Senate a resolution that the committee report a bill for the early resumption of specie payments, and for the supply of "a currency of uniform value, always redeemable in gold or its equivalent, and so adjusted as to meet the changing wants of trade and of commerce."

On December 15 Thomas W. Ferry [Mich.] moved a substitute to the resolution to the effect that the bill submitted be one to

"restore commercial confidence and give stability and elasticity to the circulating medium, by making banking free to all, by pro-

THE RAG BABY
Sketch by Thomas Nast

viding for an increase of currency of $100,000,000 (including the $44,000,000 reserve), by making the whole currency of Government issue and lawful money by the issue of currency bonds bearing 3.65 per cent. interest."

The issue of the "greenbacks," said Senator Ferry, was of the nature of a forced loan, justified only as a war

measure. Therefore the holders of these notes ought in justice to be protected, and not be discriminated against in favor of holders of other forms of currency.

Congress had made such discrimination in repealing, on March 3, 1863, the permission to convert greenbacks into bonds at the option of the holder.

From that time forth the greenbacks have been at a discount as compared with the bonds, and must continue so until Congress shall take measures either to allow their conversion into interest-bearing bonds or compel their redemption in coin.

As the matter stands now, we have $356,000,000 of this legal-tender issue afloat, circulating as money, without any power in the holders to get the promised coin, or to exchange them for bonds. They are dishonored promises to pay, or, as my friend from Vermont [Justin S. Morrill] the other day styled them, "engraved falsehoods." This state of things has continued for ten years, and is likely to continue for ten years to come unless Congress takes measures to wipe away the dishonor.

On January 20, 1874, General John B. Gordon [Ga.] spoke upon the two resolutions, with special reference to the agricultural interests of the country, particularly the South.

Let the apologists of our unfortunate financial system—unfortunate as manipulated—explain the recent panic as they may, or fail, as they will, to find any satisfactory explanation, it is still true that the recent commercial convulsion, which has changed in a day opulence to ashes, and, what is of infinitely greater moment, has deprived the laborer of his daily toil and his daily bread, is no inexplicable financial catastrophe. It is but the crowning effect of a system which can be perfected, but which is far from perfect at present.

I wish I had the time to analyze all the objections which I think lie against the present system. I think it would be easy to prove that, by the very operation of the law which lies at the bottom of the system, it does induce at seasons undue flow of money to New York and to the great centers.

That these accumulations do encourage speculations, and speculations create panics.

I think it would be easy to show that its very rigidity of volume, its non-elasticity, its insufficiency make it the subject of

control by heavy capitalists, and thereby place at the mercy of Wall street the profits on the legitimate industries of the country.

That it prevents competition, and thereby insures a high rate of interest, which is death to the debtor and to the producing sections.

That it brings of necessity the treasury into competition with Wall street in the sale of gold, and thus makes it not only a speculator in its own promises, but an absorber of the currency already insufficient for the people.

It changes, in a word, the Government into a gigantic banking establishment which, in violation of every principle of equity, and unmindful of its effects upon the morals of the people, demands payment in one currency, while it makes payment in another.

It thus sets an example whose pernicious influence is fast debauching the people and changing the nation into a nation of speculators and gamblers.

Mr. President, these are evils which I think exist in this system, and evils which can be easily, and I hope will be, remedied by the legislation of this Congress.

I come now to the most important question, the question of remedies. Senator Sherman proposes a speedy return to specie payments. This, sir, is a remedy hoary with age; but, as I shall show, hoary with failure also.

In all that I have to say on this subject I trust I shall not be understood as opposing specie payment when consistent with the best interests of the producing classes of this country; but I do wish to be understood as taking issue, broad and emphatic, with the position that a speedy return to specie payment under our circumstances, or any forced return at any date which this Congress could set, will relieve the country is practicable, just, or expedient.

First, can it relieve the country? The honorable Senator from Michigan [Mr. Ferry], in his able remarks on this question, referred to the well-known fact that specie payment never had prevented disaster when it existed; and it is true. In 1837 the suspension of specie payment followed, and did not precede, the commercial difficulties of the country. Suspension was the consequence, not the cause, of the disaster. Our whole commercial fabric was shaken from turret to foundation before a solitary bank in the United States suspended. The honorable Senator from Indiana [Mr. Morton] showed clearly the additional fact that a return to specie payment had never been suc-

cessfully resorted to to relieve commercial disaster. Absolutely the reverse is true. Suspension has been the remedy. It has been so in this country; it was so in England and everywhere.

Senators seem to have forgotten the good old adage that an ounce of prevention is better than a pound of cure; but the force of their logic would lead us to conclude that an ounce of cure was better than a pound of prevention. For if existing, established specie payments could not prevent a coming disaster, how —will Senators tell us how—can a prospective resumption cure an existing disaster? I leave to the ingenuity of Senators to reconcile such incongruous logic and bring it to the apprehension of the Senate.

I am unable, Mr. President, to see the wisdom of insisting on a program which, as has been shown, has never prevented disaster when it existed, has never cured disaster when resorted to, and which cannot relieve the country, and is neither practicable, just, nor expedient.

Is it practicable? Can we return to specie payments within any short period? The honorable Senator from Vermont [Justin S. Morrill] said in his remarks that it was not a question of the ability of the Government to redeem its currency in gold, but a question of will; and he facetiously added that "we might pardon the inability to pay, but who could defend the lack of will?" The honorable Senator will pardon me for suggesting that if a day were now set by this Congress upon which the treasury of the United States should begin the redemption of its greenbacks, and proclamations made thereof, in an incredibly short time thereafter the speculators on Wall street would control every dollar of gold in that treasury, or that is likely to be in the treasury within any given time.

Mr. President, this is not a question of whether Mr. A. or Mr. B. shall receive at the treasury five dollars for his five-dollar greenback when it is presented, but it is the infinitely greater question of whether the tens of thousands of holders of greenbacks all over this country shall be subjected to irretrievable loss by having the Government undertake to redeem when it cannot redeem, and thereby leave the millions of greenbacks dishonored in the pockets of those persons who fail to secure redemption.

But, if forced resumption were practicable, would it be just? If my surroundings were those of the honorable Senators from Vermont, Massachusetts, and New York, if the people who sent me here were creditors, as are their constituents, instead of

debtors, then I, too, might look upon this proposed change in our financial status with some degree of philosophic complacency.

But, sir, the people of the South and of the West are debtors; and their obligations were formed, mark you, when gold was at 110 to 150; and now to force them to pay in a currency equal to gold would be simply to increase their debts by the amount of 10 to 50 per cent.

But, if it were both practicable and just, would it be expedient, would it be consistent with the best interests of the producers, to return to specie payments within any limited space of time? This is the great question, after all. I apprehend that there are but two roads with a government currency to specie payments. One is by contracting the currency, as proposed here, to within a certain relation to the specie which you may hold in the treasury, which would bring bankruptcy to the country; the other by giving vitality to production, which can only be done by giving facilities for production. To give facilities for production we must give money at low interest in order that our exports, our trade, internal and foreign, may be built up, and that we may enhance individual as well as national wealth.

Which of these two roads shall we take? That is the question on which the Senate is to vote. Shall we contract, or shall we give to the country more currency? Here the battle is joined; here the roads diverge. I ask which shall we take? To my mind, supported, as I think I am, by experience and history, the latter is the shortest, surest, easiest, and best. We cannot pay gold for greenbacks until we get gold; we cannot get gold until we bring it back to this country; we cannot bring it back to this country until our exports and our sales bring it to us. We cannot increase our sales until we increase our productions; we cannot increase our productions until we increase our facilities for production, by giving to the producers money at low interest—not an inflated or redundant currency, as Senators would term it—but a sufficiency of low-rate money.

Sir, I want no inflation, which means a volume unduly swollen beyond all the legitimate wants of the country; but I make bold to say that when a people are burdened with debt, when every enterprise languishes, when every industry is prostrate, when widespread blight is upon us, even inflation, which, like the stimulant to the enfeebled pulse, may give new life and vigor, is better than insufficiency. I repeat, I want no inflation. Do you inflate the sick man starving for food by furnishing to him the nutriment which shall bring blood to his veins, flesh to his bones, and vigor to his whole system? Inflation is one thing; sufficiency is a very different thing.

But Senators talk of the idea of increasing the currency at all as a subject of alarm. Mr. President, are the teachings of history and our own experience to go for naught in solving this important and complex problem? Have Senators forgotten what history and our own experience have taught us upon this point? Let me repeat that mere theory should be silent when facts and history talk. Why, sir, look at Scotland, within the short space of twenty-five years nearly quadrupling her wealth after doubling her currency. Look at France, with her currency more than doubled, I believe, or quite doubled during the war. Notwithstanding her devastation she has been able, by quickening her enterprises and her industry, to pay her indemnity of one thousand millions in gold to Germany, to keep her interest at 6 per cent. per annum, to make her paper money receivable for all dues to government and individuals alike, and now confronts us with the overwhelming argument of this increased volume at par with gold. These are stubborn facts, Mr. President. Look at England, too, again and again, in times like these, by an act of government, suspending specie payment and authorizing an increase of the currency, even at the cost of the suspension of the most solemn enactments of the British Parliament. What was the effect there? Are the effects here to belie the effects everywhere else in the universe? What were the effects there? They were absolutely magical, as I intend to show. Panic subsided immediately; failures abated; commercial confidence was restored; and, what is a most significant fact, gold flowed into the country.

The relief which this expansion gave to England was not even delayed until the money reached the hands of the people; the very expectation of the money's coming gave relief; and I make the prediction here to-day that if this Senate and the other wing of the Capitol should announce by a vote that they intended to give more money to the people, and give it flexibility, the very hour that the electric telegraph bore the intelligence to the country, that very hour would relief be practically inaugurated, and it would bring millions of hidden greenbacks from the safes of the hoarders. I have no question about it. History does not belie itself. The people of England are not unlike the people of this country. The same disasters which were cured there by certain remedies can be cured here by the same remedies, and in no other way.

But now I wish to examine the effect of the opposite course—the course so eloquently pleaded for by the speedy resumptionists. I have shown what was the effect of expansion; now what was the effect of contraction? They tried that in England, too. At a later day, when commercial disaster approached, they did contract and they did resume; but did they cure the panic? Did they bring relief to the country? Nay, sir; hear again the facts:

It is clear at least that it did not in the more recent instance succeed, by the diminution of notes, in curing the evil which it aimed to remedy.—Mr. Thornton, M.P.

Now, sir, I believe it is conceded that no portion of English history furnishes a parallel in prosperity to the twenty years of suspension of specie payment; but I am not going into that question. I think our own experience teaches precisely the same lesson. Why, sir, at the South during the war, with one dollar of gold worth sixty dollars of Southern money, there was less of financial distress in the country than there is to-day. And what was the truth at the North? Prosperity reigned everywhere, notwithstanding your young men were in the army. Do you tell me that it was the mere semblance of prosperity; that it was a mushroom growth of wealth? Nay, sir; it remains there still, in your improved lands, in your railroads, in your bonds, in your banks, and your brown-stone fronts.

But what was the effect of the opposite course of contraction in this country? At the end of the war there were about $900,000,000 in all of currency, seven-thirties, and compound-interest notes—so estimated. The Secretary of the Treasury began a course, which has been much applauded by the specie resumptionists, of contraction, of calling in the seven-thirties and the compound-interest notes; and then, as was stated on this floor a few days ago, within two months contracting $16,000,000. What was the effect? Interest became high, agriculture began to languish, and disaster has followed.

Now, Mr. President, in view of all these facts is it wise to refuse to the people the currency which experience and history and reason demand should be furnished? To give currency to industry is a course, the wisdom of which is suggested by reason, sustained by experience, and demonstrated by history.

But, again, this contraction, which was inaugurated by the former Secretary of the Treasury, was inaugurated at the most inopportune time. It was just when the South was being restored to the Union, without a dollar of currency, without a bank, with more than $5,000,000,000 of her property gone down

forever in revolution; and with four millions of her newly emancipated population all paupers. It was therefore a time for more currency rather than less.

Before taking leave of this subject of specie payment, permit me to say that I was impressed by the remark of the honorable Senator from Indiana [Mr. Morton] in his opening speech on this subject. He said that he was not so much of a hard-money man as he once was. When, a few years ago, business engagements turned my attention to the investigation of this subject, I set out, as he did, with the idea that gold and silver were the only basis for currency—the only basis of a credit. I was born into that idea. It strengthened with my boyhood, and grew stronger with all of my political associations. But upon investigation, upon mature reflection, I have found the position less and less tenable, less and less supported by the experience and financial history of all countries. That specie is a good basis no one denies. That it is the only basis I do emphatically deny. That it is even the best basis which this Government can find I think will be seriously questioned before the country is much older. Why, sir, the suggestion that our houses, and our lands, and our crops, and our cattle upon a thousand hills would lose any portion of their value, or that their value would be less ascertainable if gold were banished from this country, occurs to me as the most irrational of propositions. All the gold of the universe could not pay for the property of the people of the United States; and if it were brought here and molded into a monument it would stand in one corner of this chamber, and would not then make a respectable monument to the absurdity of such a dogma. If every dollar of gold now in the treasury or in the pockets of individuals in the United States were banished from this country, and every gold and silver mine upon the continent were obliterated by Jehovah's fiat, or sunk by an earthquake, it would not make one farthing's difference in the productive value or the prosperity of this country, provided in lieu thereof we had a currency universally recognized; a currency universally receivable by Government and individuals alike; a currency founded upon the good faith and the stability and the revenues of the Government itself. Why, sir, some of the most beggarly countries in the world are countries where there is nothing but specie payment. Look at Spain, and Portugal, and Mexico. While some of the eras of great prosperity, as I have shown, in many of the leading countries of the world have been eras of the suspension of specie payment.

Mr. President, it seems to me difficult to determine which is

the more irrational, the laws of old Sparta that forbade gold coming into the country, or of modern Spain that forbade gold going out of it; but, more irrational than either is the effort of the United States to bring gold in and keep gold in the country by stifling industry, which is the surest way to keep gold out of it.

A sufficient supply of circulation of cheap money—cheap money which insures productions and enterprise; enterprise and productions which insure exports and domestic traffic—these are the links of natural consequence in which the blessedness of commerce lies. These are the links of natural consequence which lead to specie payments, too. Show me a country without cheap money—and I mean by cheap money, cheap interest for money—and I will show you a country where agriculture languishes. Cheap money is the one thing needful for the agricultural and productive interests of this country; and let the debt-burdened West and the debt-burdened South heed it. Cheap interest is what we want. If you will show me a country that pays, as we do in the South, from 15 to 26 per cent. per annum for its currency, I will show you a country where prosperity is dead or dying, and every industrial interest prostrate. High interest is *high* evidence of *low* prosperity. It is at the same time the evidence and the cause of the destruction of the prosperity of any community.

ELI SAULSBURY [Del.].—I ask the Senator if that high rate of interest did not occur under, and if it was not the result of, the very system which he is advocating?

SENATOR GORDON.—When I inform the Senator that the South has a little over two dollars of these greenbacks for each man[1] he will understand very readily how insufficient that amount is for the demands of the industries of the South, and why money must of consequence command these exorbitant rates of interest. I will inform the Senator in advance that I am not advocating greenbacks under the present system, but under a system which I shall indicate directly, and which I hope this Senate will adopt.

Now, sir, talking of the South, I trust the Senate will bear with me one moment while I discuss very briefly the high rate of interest and its effect upon the cotton culture, as well as the rate at the West and its effect upon the grain-growing. I affirm whereof I do know when I assert that the South is poorer to-day than she was the day Lee surrendered at Appomattox Court-house. Her lands, which after the surrender commanded from ten to thirty dollars per acre in the cotton belt, can be bought

[1] In fact, $2.98.

to-day at from two to five dollars per acre; and the cotton planters are so hopelessly involved that, unless this Congress gives them speedy and permanent relief, nothing but utter ruin and bankruptcy await them in the near future. Burdened with debt, each succeeding year, with its oppressive interest, adds to the burden.

The ruling bank interest is from 1 to 1½ per cent. per month, and has been ever since the war, and that discounted from the face of the note and compounded every thirty or sixty days; so that at the end of the year it amounts to from 24 to 27 per cent. I ask Senators what industry on the face of the earth can survive such a rate of interest? Did any ever do it in any country, however blessed of Heaven? Sir, this rate of interest has so impoverished us, that if the old laws of imprisonment for debt were in force, and I owned the debts, I could turn the jail keys within six months upon seven-tenths of the cotton growers of Georgia.

Am I asked why we borrow money at this exorbitant rate of interest? I will answer that question when I am told how our people, without a dollar, without a bank, without mules to plow, without food to feed the laborer, could begin their enterprises without borrowing; and each year's interest has not only eaten up the profit, but has brought the planter deeper and deeper into debt, and subjected him year after year to the necessity of additional loans and increasing loans.

But, Mr. President, we are told that as a means of relief we must diversify our labor. No man is more impressed with the importance and the necessity of diversity of labor than I am; but I shall appreciate that advice, so kindly given and so kindly meant, much more if Senators will also tell me how the people, without any money, with interest already at from 18 to 25 per cent., are to live, much less inaugurate new enterprises. Give us the means, give us a sufficiency of circulation to make interest cheap, and we will diversify our labor. Give us the means, and we will seize upon all the advantages which nature has given us. Give us the means, and we will soon wake up from our mountains, from their long sleep, our coal and iron, those twin sons of Hercules, whose stalwart arms will assist to lift us from our low estate. Give us the means, and we will improve our water powers, until the murmurs of discontent shall be lost in the chorus of the water wheel and the music of the spindles—until our very atmosphere shall revel and thrill and tremble with the triumphs of our industry. Give us the means. This is what we ask of Congress. Give us a financial system

which shall secure to us money at rates which rule in England and France.

It is a truth, which the national legislature would do well to note, that cotton has been grown in the cotton belt since the war at a loss. This cannot continue, of course. We can cease to make cotton and learn to make the grain and the meat which we now purchase from our brother farmers in the West; but we cannot continue to make cotton, which loses us money every year. The four million bales must soon give place to the three millions, the three to the two, and the two to one. Already a convention of the farmers of Georgia have, by formal resolution, declared that they will not plant during the next year more than one-third of their crop in cotton; and the planters of Alabama have determined the same thing, I believe, as well as the planters of other States. Sir, it is time that this great industry were rid of its burdens.

Do you tell me that it is a local interest, and therefore cannot be considered in the discussion of a great question like this?

Mr. President, no industry that gives food, or clothing, or employment to the people, that adds to our exports or to the revenues of the Government, however insignificant it may be, is unworthy of the attention of the proudest statesman and the lordliest intellect in this Chamber or in this Union.

Is it a local industry which employs in its production four millions of people and in its manufacture over twenty-five millions, whose yearly wages amount to over $37,000,000?

Is it a local interest which gives motion to over $133,000,000 of the machinery of the United States?

Is it a local interest which furnishes the mills of the East with employment and the farms of the West with a market?

Is it a local interest which, according to a late Secretary of the Treasury, prevented commercial disaster to the whole country at the end of the war, and now, to use his own language, "maintains its supremacy as an article of export"?

Is it a local interest which, like the ligament which bound together the twins of Siam, so unites the sections of this country that you cannot separate it without bringing disaster to all?

It is time, I repeat, that the national legislature looked to this interest; at least that the national legislature should relieve it of its burdens of high money. Do this, or England will drive this—your heaviest export—from every market of the world. Already by her wise policy she has become an exporter of cotton. In the years 1862, 1865, 1867, 1871, and 1872 England absolutely exported an average of two hundred and fifty million

pounds of cotton. Already she gives her money at low interest, and by her enterprise, by her appropriations of a thousand millions of money poured into the lap of India, she has almost driven us from the markets of the world; and now she stretches out her hands to Turkey, to India, to Prussia, to Austria, to Italy, to Brazil, to Peru, to Portugal, to Spain, to Egypt, and to Africa, and even Morocco and Greece are held in reserve for a last final assault upon the cultivation of cotton in America.

Sir, it is high time that the agriculture of both the South and the West were relieved of 25 per cent. money. It is high time that the agricultural interest, which is the foundation of all other interests, should have some special attention of this Government. Both the South and the West are prostrate. With money to the farmer at 18 and 25 per cent., with cotton below the cost of production at such a per cent. for money, with grain unable to pay its freights to market, with a financial system which places the productions of the country at the mercy of speculators, which in the striking language of the gifted Frenchman, Le Play, is "the art of oppressing the people," is it any wonder that this interest has at last awakened to a sense of its danger, and has combined for its protection?

Why should it not combine? Has not every other interest combined? Is not the money power of the country combined, and did it not dictate the financial policy of 1862, which has brought such disaster to the producer, and does it not now even at this very hour while I speak, by its delegations from Boston, from New York, and elsewhere, block the doors of this Chamber to influence the vote of this body? Labor combines, and receives at the hands of Government an eight-hour law. The fisheries combined, and received from the Government a bounty. Manufacturers combine, and receive a high protective tariff. The ironmongers combine, and, unlike the farmer's pigs which must be fed from his own crib, they have their iron pigs fattened at the Government crib. Railroads combine, and by Government bounties and Government grants they scale the mountains and link with bands of steel our eastern and western oceans. But, sir, this great interest, which lies at the foundation of all other interests; this interest, without which no other interest can survive; this interest, which numbers among its subjects near 25,000,000 of the 40,000,000 of the population of this country; this interest, which bears on its Atlantean shoulders the wealth, the commerce, the manufactures, and the very civilization of the country, has to-day less influence in shaping the legislation of the country than the fishers of salty codfish

on the shores of New England. Sir, it is time, I repeat, that this were changed; it is time that agriculture was heard.

I hope we shall give to the people more money. I hope we shall give to the money elasticity by the issue of convertible and reconvertible bonds, and I hope we shall do so without delay.

If we require the Secretary of the Treasury to prepare bonds, bearing say 3 per cent. interest, in which greenbacks may be invested, and require that these bonds shall be reconvertible at the option of the holder, we shall give at once the elasticity to the currency which is essential to move it beyond the control of speculators. If we will then require the greenbacks, which are converted by the voluntary action of the people into these bonds, to be immediately reinvested by the Secretary of the Treasury in 6 per cent. bonds, we shall increase the volume of circulating medium, and, at the same time, rapidly reduce the public debt. These bonds, sir, would take, in large transactions, the place of currency, and if made available to the banks as reserves would turn loose the greenbacks now locked up in the bank vaults, and the reinvestment of the greenbacks so received by the Government for the 3 per cent. bonds would keep these greenbacks in circulation also. Again, sir, the great desideratum to the agriculture of the country, to wit, cheap interest, would be secured. The Government rate would become the ruling rate. It would give to us money at little above the Government rate.

It would make the money so elastic that it could no longer be made to subserve the purpose of heavy combinations to depress or inflate the prices of productions.

It would make panics impossible.

It would reduce rapidly the public debt.

It would, in a word, if we will but take one additional step, which I desire to see taken, solve the financial problem of America, and give to American agriculture and American enterprise an "Independence Day" which would be celebrated for all time to come.

The other step to which I refer is to strike from the laws the words "except duties on imports," and make Government money receivable for all dues to Government and to individuals alike. Do you desire to see the currency at par with gold? You will not see it as long as the Government dishonors its own currency, by making it a legal tender to the citizen, and refusing it for dues to itself. I should be glad for any Senator to answer how Government money can be kept at par with gold while the Government itself repudiates its own money? Sir, to this

serious mistake—not to use the juster phrase, crime, against the people—are directly traceable all the depreciations of the currency, all the speculations in gold, all the "corners" to control the price of gold, and much of the disaster which has followed. The day we take this step the demand for gold will cease. It will be no longer needed for purposes of domestic trade or by Government. Relieve the merchants of the necessity of buying gold to pay duties, and that day the occupation of the Wall street gold kings, like Othello's, is gone. Gold being no longer needed for individual purposes, or by Government save to pay interest, would cease to be in demand, and the whole coin of the country would be upon the market without buyers. It must of necessity therefore fall to par, and if we continue this course would remain so forever. The amount of coin needed to pay interest would be largely supplied by the mines and receipts from abroad. If more were needed, let it be purchased abroad and not here. Free the farmers from the merciless claws of the speculators and the burden of high interest, and their exports will soon take care of foreign balances?

Mr. President, the day we take the step I have indicated, that day we shall proclaim a new Declaration of Independence—a declaration of the independence of our industries from the effects of our own money changers and "combiners," and of foreign intermeddlers with our currency. Let a dollar mean a dollar and not a promise to pay a dollar.

Equal rights to all demand a currency which gives equal benefits to all. From out of the black pall of smoke from the burning grain on the Western prairies and the desolation of agriculture all over the land the murmurs of discontent are already ominous. In their right to regulate wrong by the ballot the producers, despising party lines and party associations, will, sooner or later, rid the country of a system which, by its discriminations, but perpetuates their bondage to poverty.

On January 22 George S. Boutwell [Mass.] made an extended speech on the resolutions. He said in part:

I am of opinion that the process of holding the currency inflexible and allowing the business of the country to grow up to the volume of currency is a natural, in a certain degree an insensible, process, which does not interfere appreciably with the general prosperity. I believe that the country has never from the beginning of the Government enjoyed five years of such undisturbed prosperity as it has enjoyed during the last five years.

And if it be true, as the Senator from Georgia has asserted, that there is an absence of prosperity in the South, I apprehend, from the observations I have been able to make, that it is due to circumstances entirely independent of the policy of the Government. I call the Senator to witness that the cities of Charlotte in North Carolina, Columbia and Charleston in South Carolina, Jacksonville in Florida, Savannah, Macon, and Atlanta in Georgia, Chattanooga and Knoxville in Tennessee, are all more prosperous now than they were at any period before the war—that in all these cities there has been an increase of population, an increase of business, and an increase of wealth for the purposes of business.

SENATOR GORDON.—That is true., but it does not answer my question. My question was as to the producing classes in the country, not as to the growth of cities.

SENATOR BOUTWELL.—Cities are the outgrowth, the evidences of general prosperity. They exist only in the sunshine of general prosperity; and when you have demonstrated that a city is prosperous, increasing in numbers and wealth through months and years, you have established incontrovertibly the fact that that city is situated in a prosperous community.

There are two classes of people in the South. There are men who before the war were large landholders, and the possessors of immense estates in personal property and slaves. The fortunes of war divested them of all property except the land. They now hesitate to sell the land. Taxes are high, and they are unable to procure the capital for the economical and successful culture of their fields, and they are day by day growing poorer. Naturally they ask for some relief. There is also in the South a class of people, both black and white, a large and constantly increasing class of laborers who, either upon lands that they lease or upon lands that they have bought, are producing to the acre larger products than were realized under the old system. The aggregate products of the South demonstrate incontestably the fact that the South is prosperous as a whole.

SENATOR GORDON.—The increased production of cotton is not due to any great facilities that have been furnished to the production of cotton, but it is due entirely to the fact that new fields, new areas, higher latitudes, heretofore appropriated only to the growth of grain and grasses, are now used for the cultivation of cotton, and the cotton lands proper have so depreciated in value that they are no longer regarded as security for debt.

SENATOR BOUTWELL.—The statement made by the Senator

from Georgia is undoubtedly true. It is, if I do not misunderstand him, the process that was going on before the war. When lands were impoverished the owners abandoned them and sought new fields. That is what the owners of lands are doing now. But the general fact remains undisturbed that the South is a prosperous section of the country as compared with any previous condition of its history.

Before I pass from this branch of the subject, I wish to call the attention of the Senate to a remark made by the Senator from Georgia, which he submitted as a means of relieving the distresses which he imagined were afflicting his section. He demanded with emphasis and with repetition, "cheap money," "cheap money." If he meant by that demand to secure additional circulation of paper money for the purpose of cheapening it, I advise him to recall what must be to some extent his own experience in the South during the war. If we are not misinformed, the South then had cheap money, an abundance of it; so cheap that a householder would go to market in the morning with a basketful of currency and carry home his dinner in his waistcoat pocket. [Laughter.]

SENATOR GORDON.—I did not mean cheap money as the Senator understands it. I meant cheap interest upon money—money leant cheaply.

SENATOR BOUTWELL.—That is what I supposed the Senator might say in reply; otherwise I should have commenced this part of my speech at the other end. [Laughter.] If an increase of paper money diminished the rate of interest, then there would be one view of this subject which I could take with some degree of complacency. The theory on which an increase of paper money is demanded is that it stimulates business, inspires activity, opens new avenues for enterprise. Who does not see that the very process alleged to be beneficial upon which we are invited to accept the theory of inflation demonstrates conclusively that by the operation of those processes the price of interest must continually advance? But I ask gentlemen to consider further. Suppose a man wishes to deal in flour, and he can buy one hundred barrels of flour, as a stock in business, for $800. He wishes to borrow the money, and he can borrow the money for 8 per cent.; and with that capital invested in one hundred barrels of flour he can proceed with his business, at an annual interest cost of sixty-four dollars. Suppose the country enters upon a system of inflation, and the volume of paper currency is increased 50 per cent., and by an inevitable law prices advance 50 per cent., so that in order to buy one

hundred barrels of flour he must have $1,200 of money. Everybody else is in the same condition. At what rate must his interest be in order that he can avail himself of capital to pursue his business as he would have pursued it under the old system? Twelve hundred dollars must be hired for sixty-four dollars in order to place him in the same condition that he would have been without inflation—that is, 5 1-3 per cent. The reverse, then, is the truth. The rate of interest increases when you inflate the currency. The interest on the capital required to do a particular business is not only greater from the fact that additional capital is required, but it is greater from the fact that every dollar of the capital so required demands and will obtain a higher rate of interest. Therefore the operator, whether he be a farmer owing for his farm, a manufacturer or a merchant who depends upon borrowed capital to enable him to conduct his business, is impoverished by each and both of these processes.

SENATOR FERRY.—I would ask the Senator how he accounts for the fact that during the summer months, when there is a redundancy of currency in New York, the rate of interest is much below the rate in the winter, when there is a scarcity of currency. Why, sir, currency goes begging in New York during the summer when there is that redundancy, and during the winter money can hardly be obtained there, which is the fact to-day.

SENATOR BOUTWELL.—Mr. President, one of the difficulties in dealing with every financial and economical question is that there are many influences at work the effect of which cannot be measured; and therefore it is that what is called statistical information is so untrustworthy. The inquiry made by the Senator from Michigan leads me to reflect upon one of those influences, operating temporarily in the city of New York.

Money accumulates in the city of New York by natural and artificial processes during the month of July; but the operators, the merchants, the speculators are taking recreation, and they are giving very little attention to the price of money. But when the 1st of August comes, and these men return to their stores and their banking houses, speculation begins; the prices of stocks advance; fortunes are made; the rates of interest increase; when, finally, in the month of September or October, there is an active demand for money to keep the margins good on the stocks that have been bought by irresponsible people and a demand also by responsible merchants for money to move the crops. Then and thus the borrowers are ground between the upper and nether millstone. This is the process that takes place every

year, and is a satisfactory explanation of the phenomenon stated by the Senator from Michigan.

The Senator from Missouri [Carl Schurz] said he had been endeavoring to satisfy me that the true way to prevent inflation was to go for contraction, and that those of us (if I am allowed to say "us" in this connection) who think that the strong point is to stand on the present policy of the country and resist contraction on the one hand and inflation on the other are really in the interest of the inflationists. Further, that the strongest position we could occupy was to step off from this platform, to abandon this citadel, intrenched as we are in the settled policy of the country, and enter upon a contest outside; and then, in case we should be defeated by the inflationists, try to regain our position and hold to the old policy of the country. I am not sure that this may not be military strategy. There is certainly a great example in that direction. There was a student at West Point by the name of Charles Derby, known to the literary world as "John Phœnix." While a student there, it is said that a professor demonstrated, according to his ideas of demonstration, that a city or a citadel closely besieged could not hold out more than sixty days. That being demonstrated, he turned to the class, addressing them as a whole, but expecting answers of course by individuals, and said, "Young gentlemen, what would you do if you were commanding a force in a citadel subject to close siege?" "Well," said Derby, "upon the proposition that you have demonstrated, I would march out of the citadel, and let the enemy in, then I would besiege it closely, and in sixty days I would take it and reoccupy it." [Laughter.]

We have a citadel, and we had better keep in it. If we are driven out, we shall then only be in the position which the Senator from Missouri advises us voluntarily to accept. If those who are in favor of contraction and those who are in favor of the present condition of things, that is, a permanent volume of $356,000,000, are together unequal in the contest with those who demand an addition to the currency, I do not see how, even with the oration of my friend the Senator from Missouri, those who are in favor of contraction alone will be able to maintain their position.

There is but one remedy for the existing condition of things, and but one means by which we can ward off the evils which menace us—the remedy is taxation. I do not say on what, either of persons, classes, or property; but taxation there must be, or else the evils of an inflated currency, or the disgrace of borrowing money to pay the current expenses of our Govern-

ment, will fall upon the people. Moreover, a loan does not redeem our pledge to maintain the sinking fund. The inflation of the currency, which is one way, and a poor way, of borrowing money, does not redeem our plighted faith to the world. When we have exhausted every resource in the matter of economy, as it is our duty to exhaust every resource, then, as between taxation and borrowing, as between burdens and disgrace, I will put burdens on the people; but I will not consent to disgrace them.

The bill was not acted upon during the session.

RESUMPTION OF SPECIE PAYMENTS

SIXTH ANNUAL MESSAGE OF PRESIDENT GRANT

In his sixth annual message of December 7, 1874, President Grant referred to the industrial and financial depression that was still continuing throughout the country. Nevertheless he said that capital was abundant and at moderate rates when the security was good, and labor's wages, measured by the cost of necessities, were cheap. Land, too, was abundant and rich, producing more than the country required for its needs.

With these facts in view, it seems to me that wise statesmanship, at this session of Congress, would dictate legislation, ignoring the past, directing in proper channels these great elements of prosperity to any people. Debt—debt abroad—is the only element that can, with always a sound currency, enter into our affairs to cause any continued depression in the industries and prosperity of our people. A great conflict for national existence made necessary, for temporary purposes, the raising of large sums of money from whatever source attainable. It made it necessary to devise a system of national currency which it proved to be impossible to keep on a par with the recognized currency of the civilized world. This begot a spirit of speculation involving an extravagance and luxury not required for the happiness or prosperity of a people, and involving, both directly and indirectly, foreign indebtedness. The currency, being of fluctuating value, and therefore unsafe to hold for legitimate transactions requiring money, became a subject of speculation in itself. These two causes, however, have involved us in a foreign indebtedness, contracted in good faith by borrower and

lender, which should be paid in coin, according to the bond agreed upon when the debt was contracted—gold or its equivalent. The good faith of the Government cannot be violated toward creditors without national disgrace.

Our commerce should be encouraged; American shipbuilding and carrying capacity increased; foreign markets sought for products of the soil and manufactories, to the end that we may be able to pay these debts. But, in my judgment, the first step toward accomplishing this object is to secure a currency of fixed, stable value; a currency good wherever civilization reigns; one which, if it becomes superabundant with one people, will find a market with some other; a currency which has as its basis the labor necessary to produce it, which will give to it its value. Gold and silver are now the recognized medium of exchange the civilized world over; and to this we should return with the least practicable delay. In view of the pledges of the American Congress when our present legal-tender system was adopted, and debt contracted, there should be no unnecessary delay in fixing by legislation a method by which we will return to specie. It is easy to conceive that the debtor and speculative classes may think it of value to them to make so-called money abundant until they can throw a portion of their burdens upon others. But even these, I believe, would be disappointed in the result if a course should be pursued which will keep in doubt the value of the legal-tender medium of exchange. A revival of productive industry is needed by all classes—by none more than the holders of property, of whatever sort, with debts to liquidate from realization upon its sale. But, admitting that these two classes of citizens are to be benefited by expansion, would it be honest to give it? Would not the general loss be too great to justify such relief? Would it not be just as honest and prudent to authorize each debtor to issue his own legal-tenders to the extent of his liabilities? Than to do this would it not be safer, for fear of overissues by unscrupulous creditors, to say that all debt obligations are obliterated in the United States, and now we commence anew, each possessing all he has at the time free from incumbrance? These propositions are too absurd to be entertained for a moment by thinking or honest people. Yet every delay in preparation for final resumption partakes of this dishonesty, and is only less in degree as the hope is held out that a convenient season will at last arrive for the good work of redeeming our pledges to commence. It will never come, in my opinion, except by positive action by Congress, or by national disasters which will destroy, for a time at least, the

credit of the individual and the state at large. A sound currency might be reached by total bankruptcy and discredit of the integrity of the nation and of individuals. I believe it is in the power of Congress, at this session, to devise such legislation as will renew confidence, revive all the industries, start us on a career of prosperity to last for many years, and to save the credit of the nation and of the people.

A nation dealing in a currency below that of specie in value labors under two great disadvantages: First, having no use for the world's acknowledged medium of exchange, gold and silver, these are driven out of the country; second, the medium of exchange in use being of a fluctuating value—for after all it is only worth just what it will purchase of gold and silver; metals having an intrinsic value just in proportion to the honest labor it takes to produce them—a larger margin must be allowed for profit by the manufacturer and producer. It is months from the date of production to the date of realization. Interest upon capital must be charged, and risk of fluctuation in the value of that which is to be received in payment added. Hence high prices, acting as a protection to the foreign producer, who receives nothing in exchange for the products of his skill and labor except a currency good at a stable value the world over.

It seems to me that nothing is clearer than that the greater part of the burden of existing prostration, for the want of a sound financial system, falls upon the workingman, who must, after all, produce the wealth, and the salaried man who superintends and conducts business. The burden falls upon them in two ways: by the deprivation of employment, and by the decreased purchasing power of their salaries. It is the duty of Congress to devise the method of correcting the evils which are acknowledged to exist, and not mine. But I will venture to suggest two or three things which seem to me as absolutely necessary to a return to specie payments, the first great requisite in a return to prosperity. The legal-tender clause to the law authorizing the issue of currency by the national Government should be repealed, to take effect as to all contracts entered into after a day fixed in the repealing act; not to apply, however, to payments of salaries by Government or for other expenditures now provided by law to be paid in currency in the interval pending between repeal and final resumption. Provision should be made by which the Secretary of the Treasury can obtain gold as it may become necessary from time to time from the date when specie redemption commences. To this might and should be added a revenue sufficiently in excess of expenses to insure

an accumulation of gold in the treasury to sustain permanent redemption.

With resumption, free banking may be authorized with safety, giving the same full protection to bill holders which they have under existing laws. Indeed, I would regard free banking as essential. It would give proper elasticity to the currency. As more currency should be required for the transaction of legitimate business new banks would be started, and in turn banks would wind up their business when it was found that there was a superabundance of currency. The experience and judgment of the people can best decide just how much currency is required for the transaction of the business of the country. It is unsafe to leave the settlement of this question to Congress, the Secretary of the Treasury, or the Executive. Congress should make the regulation under which banks may exist, but should not make banking a monopoly by limiting the amount of redeemable paper currency that shall be authorized.

Resumption of Specie Payments

Senate, December 21-22, 1874

On December 21, 1874, John Sherman [O.] introduced a bill in the Senate, from the Finance Committee, providing for the resumption of specie payments on a new plan. In a speech on the following day he urged its immediate consideration. At this there was some demur.

Allen G. Thurman [O.] declared that his colleague had allowed his financial measures to be discussed through all the long previous session, until the Senate and the country were sick of them. Senator Sherman's purpose in this had been that the intelligent minds of the country might express their opinions on the measures. But now he introduced a new measure, which had not, like the old, been recommended by the President nor considered by the country, and proposed to push it through before the people had time to express an opinion on it. He hoped that it would lie over until after the holidays.

Senator Sherman, on the contrary, thought that "it would be a happy Christmas gift to the people of the United States if we could give them some bill that would

assure the business men of the country that stable times were coming."

Carl Schurz [Mo.] pleaded for more time for considering the bill. He himself wished to study it with special reference to "whether, under present circumstances, we can issue silver and keep it in circulation, or whether the circumstances surrounding us to-day, or liable to surround us to-morrow, are not such as will make it probable that silver put out will be melted into bullion and sent abroad."

By a vote of 39 to 18 it was decided to take up the bill. Senator Sherman explained its provisions.

The first section of the bill provides for the resumption of specie payments on the fractional currency. It so happens that at this particular period of time the state of the money market, the state of the demand for silver bullion, and more especially the recent action of the German Empire, which has demonetized silver and thus cheapened that product, enables us now, without any loss of revenue, without any sacrifice, to enter the market for the purchase of bullion and resume specie payments on our fractional currency. The market price of bullion to-day will justify the Government of the United States, without any sacrifice, at a price about equivalent to our fractional currency, to purchase silver bullion in the money markets of the world, mostly of our own production, perhaps entirely of our own production. This bill simply directs that the Secretary of the Treasury shall purchase this bullion and shall coin silver coin and substitute that in the place of fractional currency. To that extent it is a resumption of specie payments upon the silver standard for the fractional currency. This section is recommended not only by the Secretary of the Treasury and the President of the United States, but I believe will meet the general concurrence of every member of the Senate. The mints of the United States are now prepared, immediately upon the passage of this bill, to resume the coinage of silver coins of all the legal denominations.

The second section rescinds the charge now made for converting gold bullion into coin. This removes the inducement to send the bullion to Great Britain, where no charge is made for this conversion. The annual loss of revenue would be only $85,000. Gold when coined into

American money would naturally tend to remain in this country, and so aid the return to specie payments.

The third section of the bill contains only two or three affirmative propositions. The first is that after the passage of this act banking shall be free. Perhaps there is no idea stronger in the minds of the American people than a feeling of hostility against a monopoly—a privilege that one man or set of men can enjoy which is denied to another man or set of men. Under the law as it now stands banking is substantially free in the Southern and some of the Western States; but banking is not free in the great commercial States, in the older States, where wealth has accumulated for ages. This may be a mere sentimental point, but it is well enough to meet it; and by the operation of this bill banking is made free, so that there will be no difficulty hereafter for any corporation organized as a national bank either to increase its circulation or for banks to be organized under the provisions of existing law to issue circulating notes to any extent within the limits and upon the terms and provisions of the banking law. This section, therefore, by making banking free, provides for an enlargement of the currency in case the business of the community demands it, and in case any bank in the United States may think it advisable or profitable to issue circulating medium in the form of bank notes under the conditions and limitations of the banking law. Coupled with that is a provision, an undertaking, on the part of the United States that as banks are organized or as circulating notes are issued, either by old or new banks, the Government of the United States undertakes to retire 80 per cent. of that amount of United States notes. In other words, it proposes to redeem the United States notes to the extent of 80 per cent. on the amount of bank notes that may be issued; and here is the first controverted question that arises on this bill and the first that is settled. It may be asked if we provide for the issue of circulating notes to banks, why not provide for the retirement of an equal amount of United States notes? The answer is that under the provisions of the banking act by the law as it now stands a bank cannot be organized and maintained in existence unless the reserve which is in that bank, or required for that bank in the ordinary course of business either on its deposits or circulation, is at least equal to 20 per cent. of the amount of its circulating notes, so that it was believed, according to the judgment of the best business men of the country, and I may say, with the Comptroller of the Currency, that the retirement of 80 per cent.

of the amount of bank notes is fully equivalent to keeping the amount of circulating medium in actual circulation on the same footing, so that this provision of the bill neither provides for a contraction nor expansion of the currency, but leaves the amount to be regulated by the business wants of the community, so that when notes are issued to a bank 80 per cent. of the amount in United States notes is redeemed, and this process continues until United States notes are reduced to three hundred millions.

SENATOR SCHURZ.—Will the Senator permit me to ask him a question in reference to this section? When the 80 per cent. of greenbacks are retired will they be destroyed and never issued again?

SENATOR SHERMAN.—I will speak of that in a moment.

The third section fixes January 1, 1879, as the date for completely returning to specie payments.

It has always been a question in the minds of many people as to whether it is wise to fix a day for specie payments. That matter was discussed at the last session of Congress by many Senators, and the general opinion seemed to be that if we would provide the means by which specie payments would be resumed it might not be necessary to fix the day; but, on the other hand, it is important to have our laws in regard to the currency fix a probable time, or a certain time, when everybody may know that his contracts will be measured by the coin standard. We also know that by the example of other nations which have found themselves in the condition in which we are now placed, and by some of the States when specie payments were suspended, that they have adopted a specific day for the resumption of specie payments.

This bill also provides ample means to prepare for and to maintain resumption. I may say the whole credit and money of the United States are placed by this bill under the direction of the proper executive officers, not only to prepare for but to maintain resumption, and no man can doubt that if this bill stands the law of the land from this time until the 1st day of January, 1879, specie payments will be resumed, and that our United States notes will be converted at the will of the holder into gold and silver coin.

Mr. President, these are all the provisions contained in this bill. They are simple and easily understood, and every Senator can pass his judgment upon them readily.

Now I desire to approach a class of questions that are not embraced in this bill. Many such, and I could name fifty, are not included in this bill; and I may say this: that if there should be a successful effort by the Senate of the United States to ingraft any of this multitude of doubtful or contested questions upon the face of this bill it would inevitably tend to its defeat. I am free to say that if I were called upon to frame a bill to accomplish the purpose declared in the title of this bill I would have provided some means of gradual redemption between this and the time fixed for final specie payments. All of these means are open to objection. There have been three different plans proposed to prepare for specie payments, and only three. They are all grouped in three classes. One is what is called the contraction plan. The simplest and most direct way to specie payments is undoubtedly the gradual withdrawal of United States notes or the contraction of the currency. Now, we know very well the feeling with which that idea is regarded not only in this Senate, but all through the country. It is believed to operate as a disturbing element in all the business relations of life; to add to the burden of the debtor by making scarce that article in which he is bound to pay his debts; and there has been an honest, sincere opposition to this theory of contraction. Therefore, although it may be the simplest and the best way to reach specie payments, it is entirely omitted from this bill. The second plan, that I have favored myself often, and would favor now if I had my own way and had no opinion to consult but my own, is the plan of converting United States notes into a bond that would gradually appreciate our notes to par in gold. That has always been a favorite idea of mine. There is nothing of that kind in this bill except those provisions which authorize the Secretary of the Treasury to issue bonds to retire the greenbacks as bank notes are issued; and it also authorizes the Secretary of the Treasury to issue bonds to provide for and to maintain resumption. I therefore have been compelled to surrender my ideas on this bill in order to accomplish a good object without using these means that have been held objectionable by many Senators.

The third plan of resumption has been favored very extensively in this country, which is the plan of a graduated scale for resumption in coin or bullion; what I call the English plan. That is, that we provide now for the redemption at a fixed rate or scale of rates of so much gold for a specific sum of United States notes. At present rates we would give about $90 of gold for $100 of greenbacks, and then provide for a graduated scale

by which we would approach specie payment constantly, and reach it at a fixed day. This may be called a gradual redemption. This, also, is objectionable to many persons, from the idea that it compels us to enter the money markets of the world to discount our own paper. It is an ideal objection, but a very strong objection; an objection that has force with a great many people. We have undertaken to redeem these notes in coin, and it is at least a question of doubtful ethics whether we ought to enter into the markets of the world and buy our own notes at a discount. Although that plan has been adopted in England and successfully carried into execution, yet there is a strong objection to it in this country, and therefore that mode is abandoned. Either of these plans I could readily support; but they have met and will meet with such opposition that we cannot hope to carry them or ingraft them in this bill without defeating it. We have then fallen back on these gradual steps: first, to retire the fractional currency; second, to reduce United States notes as bank notes are increased; and then to rest our plan of redemption upon the declaration made on the faith of the United States that at the time fixed by the bill we will resume the payment of the United States notes in coin at par. That is the whole of this bill.

Not only are all these plans of gradual redemption omitted from the bill, but there are also many troublesome questions omitted from the bill, among the rest the one suggested by the Senator from Missouri [Mr. Schurz]. If we undertake to define precisely what shall be done four years hence on the resumption of specie payments, to say whether the legal-tender act shall then be repealed, or whether it shall be repealed before or not, we enter upon a very difficult field, and will undoubtedly divide the Senate and divide the country. Is it not better to postpone until the time comes to meet them these questions which must then arise, rather than to engage in an attempt to settle them now, four years in advance?

SENATOR SCHURZ.—The question I asked the Senator does not relate to a time four years ahead, but it refers to the immediate operation of the bill.

SENATOR SHERMAN.—I will answer that question. I did not intend to avoid it. The Senator sees the force of the argument that we ought not to put in this bill anything about the reissue of notes or the character of those notes when reissued after redemption shall come.

SENATOR SCHURZ.—Does the Senator say that I see the force of that argument?

SENATOR SHERMAN.—I think the Senator ought to see it.

SENATOR SCHURZ.—Ah! Very well.

SENATOR SHERMAN.—I hope the Senator does. If he was himself preparing a bill to resume he would probably take some other plan, but he may very well leave a difficult question to the time when that question commences to operate. We declare the time when specie payments shall be resumed in order to give fair notice, so that market values for the future may be adjusted and so that people will prepare themselves for resumption. Our people may then base their transactions upon that solemn declaration made by Congress.

SENATOR SCHURZ.—I think that the Senator from Ohio has probably not understood my question. What I meant to ask was whether whenever any greenbacks were retired by the Secretary of the Treasury, or as the bill styles it are redeemed in consideration of so many thousands of dollars of bank notes having been issued, the greenbacks so retired shall be canceled and destroyed never to be reissued again. The Senator will remember very well that we had a protracted struggle about a similar question once, and that the framing of a law gave rise to much controversy on that identical point. Now, what I am after is to understand whether the provisions of this bill will in their practical operation work in the direction of specie payments or not, and for that it is a very essential question whether the greenbacks so retired shall be destroyed never to be reissued again, or whether they shall be held as a reserve, as the forty-four millions were, certainly to be put into the market again.

SENATOR SHERMAN.—I say frankly that we do not propose to decide that question in this bill. I have no doubt that, when the time arrives when the question becomes material, it will be met. Undoubtedly until the reduction of the United States notes to $300,000,000 they cannot be reissued. The process must go on *pari passu* until the amount of legal-tender notes is reduced to $300,000,000. Before that time will probably arrive in the course of human affairs, at least one or two Congresses will have met and disappeared, and we may leave to the future these questions that tend to divide us and distract us, rather than undertake to thrust them into this bill and thus divide us and prevent us from doing something in the direction at which we aim.

SENATOR SCHURZ.—I want to be satisfied on that point. The Senator then admits that the bill is open to the construction that the Secretary of the Treasury may gather up the 80 per cent. as a reserve and reissue the notes again, and that it is the intent of those who made the bill that it shall be open?

SENATOR SHERMAN.—I made no such admission. I leave

that question to be decided upon the law as it stands. The case that is put of what I regarded as an illegal issue of notes probably may never arise, and certainly it cannot arise for a considerable period of time.

SENATOR SCHURZ.—I do not want to annoy the Senator at all; but I put it to him whether we should pass a bill on a subject like this, so delicate and so important, the meaning of which is so obscure that the champion of the bill has to admit himself that its construction will be left to the courts of the United States?

SENATOR SHERMAN.—In supporting a bill of this kind, I do not meet all possible questions that may arise in its construction, and no human mind could do it. I know this, and upon this rock I stand: that this bill has provisions in it which tend to accomplish the purpose which the Senator and I have so diligently sought, and I will not seek to obstruct the passage of this bill or defeat it by thrusting into it doubtful questions of law or public policy which may tend to the defeat of the bill. I take this bill not as the bill that I should propose myself, a bill which itself surrenders many of my convictions as to the means to be employed to accomplish the particular purpose designed, but I take it because I see that every provision in it tends to the object that the Senator and I seek, and I will not weaken it by putting in questions of grammar or construction which may tend to weaken and destroy it.

SENATOR SCHURZ.—I think I shall not want to annoy the Senator or obstruct the bill, but I submit that we are not interpreting financial legislation here, but that we are making financial legislation, and we want to make it as clear as it possibly can be made. The Senator knows from his own experience that, if the least loophole is left, he cannot foretell what the treasury will do; whether it will not under the pressure of public opinion some time or other issue twenty or thirty or forty millions again of that which was accumulated, as he says redeemed, but possibly accumulated only as reserve. The thing was done before, and it may be done again. He knows very well also that that may defeat the whole scheme of returning to specie payments.

SENATOR SHERMAN.—Now, sir, the great weakness of our currency is that we have undertaken to pay our notes in coin and do not fulfill our promise. No man denies that obligation. It is so written upon the statute-book now six years old. But from the fact that we have not said when we will do it, at what time we will do it, the question is still open to rest upon the

construction which each Senator and member may give to the words "as early as practicable"; an indefinite phrase at least, and one that applies to all future ages. The object of this bill is to fix a time within which the honor of the United States is pledged to redeem these notes in coin; and that pledge, if made by Congress (and I trust it may be made by the whole of Congress—all parties—and by the whole people) will be redeemed. It is true a subsequent Congress may repeal it, and anything we can do may be repealed by a subsequent Congress. All we can do is in our time to pledge the faith of the United States to do this in the future, and if the people in their power and might, through agents hereafter elected, violate this promise there is no power in our Government to prevent it. We only know that they probably will not do it; that a pledge thus specific, made as to a definite day and time, with ample powers given to an executive officer to execute it, will be maintained.

I desire to say to the Senator one word more, that this pledge is made knowing the full extent of the obligation imposed by this law, and I believe that every Senator who votes for this bill is personally pledged and all his influence is pledged, all his political influence is pledged to maintain that declaration just as our fathers felt themselves bound by their lives, their fortunes, and their sacred honor to maintain the pledges they made in the Declaration of American Independence.

SENATOR THURMAN.—The first two sections, so far as my opinion is concerned, are perfectly right; but they do very little toward the resumption of specie payments, for when you shall have paid the fractional currency in silver you will have paid it in something that is no more valuable than the greenbacks in which it is now redeemable. And when you shall have done away with the coinage charge, as provided in the second section, you will have done a little, it is true, toward increasing the amount of gold coinage and that is all—an almost infinitesimal step toward specie payments. Therefore, if there is anything in this bill that looks toward specie payments, it must be in the third section. Now let us look at that.

After hearing the statement by the chairman of the committee of the omissions from the bill, it is very difficult to find what there is in it. We know that there is a great deal of omission, but the least possible amount of commission that ever I have seen in a great public measure. Let us see what this section proposes to do. It proposes that there shall be free banking, and then for every $100 of bank notes that shall be issued there shall be redeemed $80 of legal-tenders, and that that

process shall go on until the amount of legal-tenders outstanding shall be three hundred millions and no more. If that were all there was in this section, and it were fairly and distinctly stated that the legal-tenders thus redeemed were not to be reissued but were to be canceled, one could very well understand what the section is, and it would only be a question of time when the effect of the section would be to reduce the legal-tenders to $300,000,000; but that is not all that is in the section by any means. It goes further, and provides that, after the 1st day of January, 1879, there shall be full and complete resumption of specie payments by the Government on the legal-tenders, and that means full and complete resumption by the banks, because the banks by their charters are bound to redeem either in legal-tenders or in coin; and, if legal-tenders are redeemed by the Government in coin, it is equivalent to declaring that the banks shall also redeem in coin. Therefore, this bill provides that from and after the 1st of January, 1879, four years hence, there shall be complete resumption of specie payments in the United States. Put that provision in the bill, coupled with the other provision for retiring 80 per cent. of greenbacks for every additional dollar of national-bank issue under this bill, and see how they work.

Does my friend, the chairman of this committee, believe that there will be in the next four years $100,000,000 of additional national-bank currency issued? What warrant has he to believe any such thing as that? But without the issue of $100,000,000 more national-bank currency he cannot retire $80,000,000 of greenbacks and bring them down to $300,000,000. Pray how much increase has there been in national-bank currency under the law which you passed last session? About $1,400,000. You will have no increased banking under this bill, if you pass it, until business begins to revive; and when will business begin to revive? All that is necessary is for a man to open his eyes and read the history of his country to know when it will revive.

At intervals of about twenty years we have one of those things called a panic, followed by stagnation in business, the result of overtrading, overproduction, of extravagance of all sorts and descriptions, extravagance in individuals, extravagance in corporations, extravagance in governments large and small, until at last the bubble bursts, and then comes a season of retrenchment, of economy; and how long does that last? How long is it before debts are liquidated and a surplus is accumulated, so that there begins to be an upward tide in the business

of the country? Never has it been less than four years in the United States.

My colleague says that this bill will have one great and good effect: it will let the country know what is to be our policy, and then business will go on steadily, because people will know what they have to expect. Yet my colleague says to the people—this bill, which is to inform you what is to be the policy of the Government, does not inform you whether these $80,000,000 of retired greenbacks are to be poured out again at the pleasure of a Secretary of the Treasury! Why, sir, if this bill were to have operation, if there were issued $100,000,000 of national-bank notes and then you retired $80,000,000 of greenbacks, it would become the most material thing in the world for the capitalists and business men of the country to know whether these greenbacks were to be reissued again; for, if they be reissued, the effect would be an inflation of the currency of $100,000,000. If they are to be canceled, then the inflation is only $20,000,000, and may not be even so much as that on account of the reserve that the banks are required to keep against their deposits; but if they are to be reissued then there is unmitigated inflation to the amount of $100,000,000, and the business men of the country are told by the chairman of the Committee on Finance: "I will not give you any light on this subject at all; I will not tell you; I will not even express my own opinion, whether or not you are to go on doing your business without knowing at all whether there is to be an inflation of $100,000,000 in the next four years or whether there is to be an inflation of only $20,000,000, or no inflation at all." That will not do, sir. Pass the bill in its present shape, and instead of settling you will unsettle, instead of fixing you will unfix, the minds of the people.

I felt this morning a little like complaining that our Republican friends should mature such a measure as this, if they did do it as the newspapers say in secret caucus, without allowing their fellows of the Senate on this side of the chamber to know anything about it; but that is a most venial offence, if offence it was, a most trifling thing compared to this studied ambiguity of the bill and keeping from the people the knowledge whether it means inflation or whether it does not.

I think my colleague is entirely right in saying that this is a bill from which all questions that have divided the financial people of this country and the parties of the country and the different sections of the different parties, have been carefully omitted. But there is one thing upon which my colleague places great reliance, and that is the declaration that we will resume at

the time named. Sir, I do not believe that a mere verbal declaration will satisfy the country or produce much effect. I have heard my colleague stand in his place here and with an eloquence that I admired, and felt proud of, speak of how this Government had failed to redeem its pledge in regard to these very greenbacks; how it had repealed the law, which was contemporary with them, that made them convertible into bonds of the United States; how it had broken that pledge. And now, after he has held up to the country these broken pledges of the Government, it will not do for him to say to the business men of the country "you can shape your business in perfect safety and rely on the pledge of the Government that from the 1st of January, 1879, we will have a specie currency." That will not do. That is entirely too small a foundation on which to build any such superstructure as the resumption of specie payments.

Therefore I propose to add a section to the bill:

Section 4. That from and after June 30, 1875, one-twentieth part of the customs duties shall be payable in United States legal-tender notes, or in national bank notes, and after June 30, 1876, one-tenth, and after June 30, 1877, one-fifth part thereof may be so paid.

LEWIS BOGY [Mo.].—I desire to move an amendment to his amendment:

On and after the 1st day of July, 1875, duties on imports may be paid in legal-tender notes or coin, at the option of the importer.

I am opposed to contraction. I believe that, if contraction is adopted as the policy to effect the object of resumption, it will paralyze the country so completely as to defeat the object intended to be accomplished. Under the existing circumstances, with the system of finance inaugurated by the Republican party, —which system they were determined should be enforced—I believe that, instead of contraction being adopted as the means to accomplish resumption, an increase of currency is needed, at least in the West, so as to stimulate industry and commerce and relieve the debtor class. Therefore, under the law, which has given birth to legal-tender paper and to national-bank notes, I favor an augmentation of the currency; never, however, admitting that paper money is equal to gold or silver; and paper money never can be equal to gold and silver unless it observes one law, and that law must be obeyed at all hazards and under all circumstances, and without any doubt attending it, and is its convertibility into coin on demand. Whenever paper money is

conveniently convertible into coin at all places, it is then for all purposes of commerce infinitely more convenient and better than coin; but it is only as a representative of coin, and because it can be converted into gold or silver. But under the law as it is now our paper money is not convertible, and we use no coin at all excepting for one purpose, and that is to pay duties on importations. Hence this paper money, good or bad, is the only means of exchange for the entire country. It being the only means of exchange, I believe that the way to get to specie payments is by issuing a reasonable amount of this paper money, so as to establish a healthy prosperity throughout the country.

Now, sir, to make paper money equal to coin, it must at all times be convertible. The fundamental law of its existence is its convertibility under all circumstances and with great facility. When the greenbacks were originally issued, they were convertible into 6 per cent. bonds. The object was to give them a positive value. Those bonds were coin bonds. If you could convert legal-tender notes into bonds payable in coin, you were giving to that paper money a value very nearly equal to specie. That law, in my estimation, was a wise one, but it was soon repealed.

Legal-tender notes were issued also upon another condition, that they should be received by the Government in payment of all debts, of every nature and description whatsoever; not only that they should be legal-tenders as between A and B in ordinary transactions, but they were to be such for debts due to the Government. It is so printed upon the back of every one of them. Although that was the promise to the ear it was not carried out to the hope, because in point of fact no individual in the nation owes the Government any money except two classes of persons, the importers and the defaulters, and these latter do not pay in greenbacks or anything else. The Government does not credit anybody. It pays in cash or in paper money for all that it buys, and there is in point of fact no debt due the Government excepting as already stated.

Yet by the very contract this debt due by importers is excepted. This excepts everything, and the legal-tender notes stand exactly in the attitude of a note issued by an individual payable in goods that may be in his store, excepting, however, brown sheetings, while keeping in said store nothing but brown sheetings. On its face it is a very handsome note, payable on presentation in merchandise at his store. Although it is a promise, the exception defeats the very promise. So in this case. What has been the result? From the very beginning the demand for gold to pay duties has been so great as continually to depre-

ciate the legal-tenders. This demand during the period of a year exceeds the supply of gold. The demand for gold has been two hundred millions; it is now one hundred and sixty-three millions; and according to the report of the Secretary of the Treasury the amount of coin in the United States is only $166,000,000, so that the demand for coin at this day to pay duties is virtually equal to the whole amount of gold that is in the country.

The result is therefore a very high premium on coin, and it amounts now to 10, 11, or 12 per cent.; and yet we have been heretofore so habituated to large premiums that we have got to think that 10 per cent. premium is a very small thing; but in point of fact it is destructive to the prosperity of the people. It is an enormous premium, and no commercial people can prosper when all the money that is used in the exchanges of commerce is at a discount of 10 or 12 per cent.

Now, sir, in order to resume specie payments, the first step is to give value to this paper. Contraction would give it value beyond all doubt, but in giving it value you would produce great distress and ruin over the land. But, if you will give to your paper money a value without diminishing its amount, you will have taken a great step toward resumption; and so soon as you make paper by legislation equal to gold, as it is more convenient in all the commercial transactions of the world than specie, gold will not be wanted.

If the legal-tenders are made receivable for duties, you at once give to them a positive value. You at once take away the only demand for gold. At the present day gold is not used for any purpose whatever in this country except to pay duties on imports. It is to-day an article of commerce as much so as iron or lead or dry goods or sugar or coffee. It is not used at the present time as a medium of exchange. It remains a measure of value, because it is so recognized by the entire commerce of the world. But as a means of exchange it is not used only as an article of commerce, and is sold from day to day in Wall street; and for what purpose? Only for one: to enable importers to pay duties amounting to from five to eight hundred thousand dollars a day. Do away with the demand, and what will be the result? There being no demand for gold, as the national-bank notes are redeemable in legal-tenders, and these are not yet redeemable in gold, the effect would be that the gold of this country, amounting to $160,000,000, would at once flow into the channels of trade, and you would really have an expansion of coin of that large amount. The $160,000,000 now used as an

article of merchandise would immediately go into the channels of business. It could not be used for any other purpose.

SENATOR THURMAN.—I should be inclined to favor the amendment of the Senator from Missouri but for one thing, to which I wish to call his attention; and that is the pledge of Congress that so much of the customs duties as shall be necessary are pledged for the payment of interest on the public debt and the creation of a sinking fund, and that interest is payable in gold. I have made my calculation in my amendment so as to leave an ample amount to meet that pledge; but the amendment of the Senator from Missouri would destroy the pledge altogether.

I wish to say further, in reference to that, that the bill as reported and now before us disregards that pledge quite as much and more, a great deal, than can be said of my amendment, for mine does not disregard it at all. This bill allows the Secretary of the Treasury to use all the gold that may be received from customs duties to carry out the purpose of the bill, and in fact disregards the pledge totally.

SENATOR BOGY.—The law of 1862 requires all duties to be paid in gold; not a part, not nineteen-twentieths, but the whole twenty-twentieths. The object of the law beyond a doubt was to create a gold fund to pay the interest upon the gold bonds. But what is really the essence of that contract? The contract is that we shall pay this character of debt, both interest and principal, in coin.

Now, Mr. President, I leave it to the intelligence of the Senate and the country, if we continue, as we shall be sure to continue, to pay our bonds as they fall due in coin, and if we continue, as we are certain to continue, to pay the interest every six months also in coin, will the credit of the nation be at all affected whether we raise this money by one means or another? I deny the proposition that a nation of the high character and standing of this need pledge any special source of revenue to maintain its credit at home or abroad, although it is customary for nations having doubtful credit to pledge certain sources of revenue by way of mortgage. The character of the nation, the means, the ability, the standing, everything that belongs to this people, is pledge enough to the world to maintain our credit, and there is no necessity for this additional security. Again, if you look at the law of 1862, which provided that the duties upon imports should be paid in gold, there is no pledge that this gold shall be used alone for that purpose. It is true it was a part of the legislation of that day, and I have no doubt that the ob-

ject was to give to us at that time a credit which the exigencies of the day required. But that awful day has gone by, and there is to-day no reason why we should be subjected to the necessity of maintaining a mortgage upon any of our means of revenue for the purpose of sustaining our credit. Our credit is good enough, and I believe is too good, for the interests of all classes of people.

As a question of finance, not as a matter of national honor, our credit is too good. The nation makes nothing because the bonds are worth 115 or 117. There is no profit to the people, but only to a few speculators. We as a people make nothing by it, and a large portion of that profit inures to the benefit of foreigners and not to the benefit of our own people; and, when to them, to a very small portion, the most of whom hold but a nominal citizenship and are to be found in the large cities.

But, sir, the answer, if I am correct in my argument, is that, if by receiving legal-tenders in payment of duty you appreciate them and make them equal to gold, there will be no necessity for having gold to pay interest upon the bonds. The interest is not paid by shipments of gold abroad. The Secretary of the Treasury, representing the United States, does not send every six months a load of gold to London or to Berlin to pay this interest. It is done through a system of exchange. He buys in New York or somewhere else the amount necessary to pay this interest abroad. It is not therefore paid by the shipment of gold. It is true that according to the laws of commerce if we are indebted abroad the balance has got to be paid in gold, but the mere payment of the interest is done through and by exchange. And if the legal-tenders are as good as gold, having been appreciated by receiving them for duties, you will not need gold to procure this exchange.

There is a remarkable case in point. On the termination of the French war with Germany an indemnity was exacted of five thousand million francs—a thousand million dollars —which had to be paid in a very short space of time. The German Government required every dollar of it in coin, and declined to receive any of the national securities of France. This exceeded the amount of coin in France by some four hundred million francs. Yet the obligation was met, and one large installment was anticipated, and every dollar of the indemnity was paid in coin. What did France do? It authorized the Bank of France to issue paper money, and three thousand million francs were issued, being six hundred million dollars, and this paper money was made a legal tender and receivable for all debts of every nature and description whatsoever. What has been the result? The prosperity of France continued, her manufactures were kept in a healthful condition, the circulation needed for commerce was not diminished, only it was changed from gold to paper, and gradually and rapidly, too, the gold came back to France in accordance with those great laws of trade which are just as fixed and certain as the laws of mathematics. The Bank of France reduced and canceled its circulation as the gold increased; and now, although they have not yet resumed, for a year or more resumption has in point of fact practically taken place. To-day the paper money in France is worth as much as gold. There is in point of fact no difference; and why? Because the government of France at once created a legitimate demand for that paper money, made it a legal tender between individuals, and made it a legal tender from individuals to the Government for everything whatsoever, and in a very short time the whole Government had righted itself financially, while we have been here floundering in the mud and mire for a great many years.

THOMAS F. BAYARD [Del.].—I do not desire to banish from this country the last trace of gold payments to the treasury. It is plain that if we are to resume specie payment there must be a fund of gold accumulated wherewith to resume, and this is nothing but a measure to abolish the only nucleus left by law for such accumulation and make a return to specie payments an impossibility while such a policy controls the Government. I hope this amendment offered by the Sentaor from Missouri will not be adopted, nor even that offered by my friend from Ohio.

Sooner or later, a sound public sentiment, born perhaps of the sufferings of the people, will demand that an honest measure of value shall be restored to the dealings of our citizens. That must come sooner or later, and I shall never be satisfied with the legislation of the country until it has produced that effect. Any measure tending to it shall find my vote recorded in its favor, and any measure hostile to it will find in me an opponent.

I want to vote in favor of a simple, straightforward, business measure, and I want to know the effect of what I vote for, and I do not choose to vote for a bill with two faces, and I do not choose to vote for a bill concerning which the gentleman having it in charge will not answer, if he can, plain questions as to the meaning of his own words used in the bill, but chooses to say, "You may make your own construction, you may put what amendment you please on the bill, and then put what construction you please on your amendments; but I do not choose to answer you as to what this bill is intended to do, or what is to be done with this currency which we have redeemed, or tell you how long it shall be redeemed, or whether the Secretary of the Treasury shall issue it the day after he has redeemed it, whether he shall accumulate it until it reaches $50,000,000 and then issue it again, or what he shall do with it."

Now, Mr. President, it seems to have been decreed in party caucus that this bill shall be passed to-night. To attempt to prevent it would simply be a question of physical endurance, of great personal inconvenience, and one that I am not disposed in this case to court for myself or others. My present feeling about it is that I would rather not vote at all upon the subject. I think that this subject has not been treated worthily in this debate and by this measure, and that the people of this country will say it has not been treated worthily by this debate and by this measure. There is no need for the passage of this bill this day, nor for two weeks to come, as a measure of relief. Its effect cannot be instantaneous. I do not think it is in the power of any man or party instantly to relieve the country from the financial embarrassments and pressure which are now upon it. Time must work relief. Wise laws will greatly assist and hasten the returning tide of prosperity, which, when it shall come back, should rest upon a sound basis. That, I think, is all that even wise laws can justly be expected to do. You cannot suddenly make a nation prosperous nor cure the ills of extravagant, corrupt, and reckless administration. Excess and improvidence must bear their punishment. All you can do is to set your administration upon a path of economy and honesty, that gradually prosperity may grow again.

The amendments to the bill were rejected, and it was passed by a vote of 32 to 14.

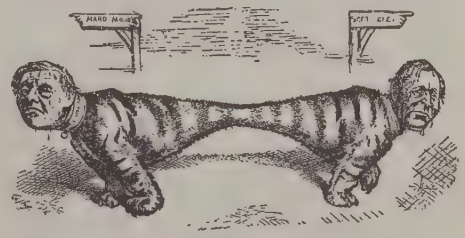
The bill was passed by the House on January 7 by a vote of 136 to 98.

It was approved by President Grant on January 14, 1875.

The rise of the silver question in 1875-7 caused a new aspect to be given to that of resumption of specie payments, and the Democrats made determined efforts to secure the repeal of the resumption act.

On August 5, 1876, Samuel S. Cox [N. Y.], chairman of the Committee on Banking and Currency, introduced in the House a bill providing for a repeal of the date set for resumption of specie payments in the act of January 14, 1875. The bill was adopted by a vote of 106 to 86, "hard money" Democrats, such as Abram S. Hewitt [N. Y.], voting in the negative. It was referred to committee in the Senate, and not acted on during the session.

In the presidential campaign of 1876 the question of "hard" money and "soft" money was a leading issue.



THE ELASTIC DEMOCRATIC [DEFORMED] TIGER
They Pull Together so Very Nicely
Caricature by Thomas Nast of Tilden and Hendricks, in "Harper's Weekly"

General Rutherford B. Hayes [O.] and William A. Wheeler [N. Y.], Republican candidates, were both in favor of "hard" money, while the Democratic candidates, Samuel J. Tilden [N. Y.] and Thomas A. Hendricks [Ind.] held opposing views on the subject.

REPEAL OF THE RESUMPTION ACT

HOUSE OF REPRESENTATIVES, OCTOBER 31–NOVEMBER 22, 1877

On October 31, 1877, General Thomas Ewing [O.] brought forward in the House, from the Committee on Banking and Currency, a bill to repeal the third section of the resumption act, which had repealed the restrictions on national banking, had provided for the retirement of 80 per cent. of the increased national bank circulation, and had fixed January 1, 1879, as the date for the final redemption of legal tenders.

Various amendments were offered to the bill by both

Democrats and Republicans, which ranged in their effect from one extreme view on the currency to another.

On November 16 General James A. Garfield [O.] spoke against repeal.

We are engaged in a debate which has lasted in the Anglo-Saxon world for more than two centuries, and hardly any phase of it to which we have listened in the course of the last week is

BY REPEALING THEY RESUME—BY RESUMING THEY REPEAL

Extremes Have Met, and Now You Can't Tell Which Is Which

Cartoon by Thomas Nast in "Harper's Weekly"

new. Hardly a proposition has been heard on either side which was not made one hundred and eighty years ago in England, and almost a hundred years ago in the United States. So singularly does history repeat itself.

That man makes a vital mistake who judges of truth in relation to financial affairs from the changing phases of public opinion. He might as well stand on the shore of the Bay of Fundy and from the ebb and flow of a single tide attempt to determine the general level of the sea as to stand on this floor and from the current of public opinion in any one debate judge of the general level of the public mind. It is only when long spaces along the shore of the sea are taken into the account that the grand level is found, from which all heights and depths are measured. And it is only when long spaces of time are considered that we find at last that level of public opinion which we call the general judgment of mankind. From the turbulent ebb and flow of the public opinion of to-day I appeal to that settled judgment of mankind on the subject-matter of this debate.[1]

If one thing was settled above all other questions of financial

[1] General Garfield again used this figure, and with great effect, in his notable speech in the Republican National Convention of 1880 nominating John Sherman for President.

policy in the American mind in 1860, it was this, that the only sound, safe, trustworthy standard of value was coin of a standard weight and fineness, or a paper currency convertible into coin at the will of the holder. That was and had been for several generations the almost unanimous opinion of the American people. It is true there was here and there a theorist, dreaming of the philosopher's stone, dreaming of a time when paper money, which he worshiped as a kind of fetish, would be crowned as a god; but those dreamers were so few in number that they made no ripple on the current of public thought, and their theories formed no part of public opinion, and the opinion of 1860-'61 was the aggregated result of the opinions of all the foremost Americans who have left their record upon this subject.

Every President who has left a record on the subject has spoken without qualification in favor of the doctrine I have announced. No man ever sat in the chair of the Secretary of the Treasury of the United States who if he has spoken at all on the subject has not left on record an opinion equally strong, from Hamilton down to the days of the distinguished father of my colleague [Mr. Ewing] and to the present moment.

What happened to cause a departure from this general level of public opinion? War, the imperious necessities of war, led the men of 1861-'62 to depart from the doctrine of the Fathers; but they did not depart from it as a matter of choice, but compelled by overmastering necessity. Every man in the Senate and House of 1862 who voted for the greenback law announced that he did it with the greatest possible reluctance and with the gravest apprehension for the result. Every man who spoke on the subject from Thaddeus Stevens to the humblest member in this House, and from William P. Fessenden to the humblest Senator, warned his country against the dangers that might follow, and pledged his honor that at the earliest possible moment the country should be brought back to the old, safe, established doctrine of the fathers.

When they made the law creating the greenbacks they incorporated into its essential provisions the most solemn pledge men could devise that they would come back to the doctrines of the Fathers. The very law that created the greenback provided for its redemption and retirement; and every time the necessities of war required an additional issue new guaranties and new limitations were put upon the new issues to insure their ultimate redemption. They were issued upon the fundamental condition that the number should be so limited forever that under

the law of contracts the courts might enforce their sanctions. The men of 1862 knew the dangers from sad experience in our history; and, like Ulysses, lashed themselves to the mast of public credit when they embarked upon the stormy and boisterous sea of inflated paper money, that they might not be beguiled by the siren song that would be sung to them when they were afloat on the wild waves.

But the times have changed; new men are on deck: men who have forgotten the old pledges; and now only twelve years have passed (for as late as 1865 this House, with but 6 dissenting votes, resolved again to stand by the old ways and bring the country back to sound money), and what do we find? We find a group of the orists and doctrinaires who look upon the wisdom of the Fathers as foolishness. We find some who advocate what they call "absolute money"; who declare that a piece of paper stamped a "dollar" is a dollar; that gold and silver are a part of the barbarism of the past, which ought to be forever abandoned. We hear them declaring that resumption is a delusion and a snare. We hear them declaring that the eras of prosperity are the eras of paper money; and they point us to all times of inflation as the periods of blessing to the people, prosperity to business; and they ask us no more to vex their ears with any allusion to the old standard, the money of the Constitution. Let the wild crop of financial literature that has sprung into life within the last twelve years witness how widely and how far we have drifted. We have lost our old moorings, have thrown overboard our old compass; we sail by alien stars, looking not for the haven, but are afloat on an unknown sea.

Now, what are the obstacles to resumption in accordance with the law we have passed? The first great obstacle stated by gentlemen who have argued the question is this: that we have not enough currency in the country for its business and that some measure of contraction will be likely to attend the further execution of the provisions of the resumption law. Before I enter directly upon that objection I desire to state a fact for the consideration of those who hear me. In that prosperous era of 1860, when there was free banking in most of the States and the banks were pushing all the currency they could into circulation without limit, there were just two hundred and seven millions of paper currency, and that was the largest volume that this country had ever known.

Now, the amount of coin in the country in 1860 was $200,000,000. Add that sum to the two hundred and seven millions of paper circulation and you have four hundred and seven mil-

lions of currency, paper and silver and gold. How much have we to-day? On the first day of this month we had seven hundred and twenty-seven millions of greenbacks, banking notes, fractional currency, and fractional silver, and if you add the nine millions of copper and nickel money now outstanding it makes a present volume of seven hundred and thirty-six millions of currency, counting no gold whatever, although the Pacific coast uses a large amount.

Now, I put it to the judgment of this House if under free banking in 1860 four hundred and seven millions was the limit of possible currency that could be kept in circulation, how can it be said that almost twice that amount is needed and is hardly enough for the wants of 1877? Have the laws of value changed in seventeen years? Gentlemen who assert a dearth of currency at the present time must point out the new elements in our fiscal affairs that require three hundred and twenty millions more money than was needed in 1860.

No theory of currency that existed in 1860 can justify the volume now outstanding. Either our laws of trade, our laws of value, our laws of exchange, have been utterly reversed or the currency of to-day is in excess of the legitimate wants of trade. But I admit freely that no Congress is wise enough to determine how much currency the country needs. There never was a body of men wise enough to do that. The volume of the currency needed depends upon laws that are higher than Congress and higher than governments. One thing only legislation can do. It can determine the quality of the money of the country. The laws of trade alone can determine its quantity.

General Garfield then pointed to the British cash-resumption act of 1819 as supporting his contention that the American resumption act under consideration, if unrepealed, would prove a blessing to the country.

MR. GARFIELD.—The evils which England suffered from 1821 to 1826 did not arise from the resumption of cash payments. I appeal to every great writer of acknowledged character in England for the truth of this position. I ask gentlemen to read the eighth chapter of the second book of Miss Martineau's "History of the Peace," where the case is admirably stated. I appeal also to the opinion of Parliament itself, especially to the House of Commons, which is as sensitive an index of public opinion as England knows. When they were within about eighteen months of resumption of specie payment, a motion was made, like the

motion of my colleague from Ohio [Mr. Ewing], that the resumption-act bill be repealed or modified, because it was producing distress. And a number of gentlemen in the House of Commons made speeches of the same spirit as those which we have heard here within the past week. The distress among the people, the crippling of business, the alarm of the mercantile classes, all were paraded in the House of Commons, and were answered by those knights of finance whose names have become illustrious in English history. And at the end of a long debate on that proposition, on the 11th of April, 1821, a vote was taken, and the proposition was rejected by a vote of 141 to 27. In other words, by a vote of 141 to 27 the House of Commons resolved that their act for the resumption of specie payments was not causing distress and ought not to be repealed and ought not to be modified except to make it more effective. As a matter of fact, it was so modified as to allow resumption to take place much sooner than was provided in the act of 1819.

But this was not enough. On the 11th of June, 1822, a Mr. Western moved for the appointment of a committee of inquiry into the effect of resumption, and charged that it had caused a violent contraction of the currency and an injury to the business of the country. Again the subject was fully debated, and the arguments against the resumption act completely answered, by a vote of 192 to 30. The motion of Mr. Western was rejected, and the Commons resolved that they would not alter the standard of gold or silver, in fineness, weight, or denomination.

Still, gentlemen tell us that the great distress in England was caused by the resumption act. I commend those gentlemen to such great writers as Tooke, who in his "History of Prices" has gone over this ground most thoroughly and ably. He says it was the corn law which produced the great evils from which England suffered in those years.

A law had been passed to prevent the price of wheat from falling below eighty shillings per quarter, by prohibiting all foreign importations whenever the price fell below that figure. In other words, England proposed to build a Chinese wall around the island so as to make wheat one of the most profitable crops for her farmers. Stimulated by that law, the agriculturists of England undertook the growing of wheat on a scale before unknown. And when they had expended millions in reclaiming waste lands and sowing an unusual breadth of wheat, they found their own harvest and the colonial importations had flooded the markets and lowered the price, and bankrupted thousands of English farmers. In spite of the law, wheat went down

to forty-seven shillings and nine pence per quarter, and brought great distress upon the agricultural population.

That this fall in the price of wheat was not caused by the resumption act is conclusively shown by the fact that the three great harvests of 1820, 1821, and 1822 were general throughout Europe, and throughout the Continent the price of wheat declined almost as much as in England itself.

In 1822 a committee of the House of Commons was appointed to inquire into all the causes of the distress. I have read that report in full, and there is not a word in it that attributes any part of the distress to the resumption act of 1819; but the causes given are those which I have named.

Before quitting this point I beg leave to refer to a paper of the late Secretary of the Treasury, Hugh McCulloch, in the *North American Review*. He said that every great crisis in this country has been preceded by an enlargement of paper circulation. I affirm that to be true, and I challenge any man to controvert it. It was true in England always. It has been true in this country always. We had a great crisis in 1797; another in 1817; another in 1837; another in 1857; and our last in 1873—almost exactly twenty years apart.

These crises are periodic and return as the result of causes springing up among the mass of our business people; and they have all been preceded by overtrading, speculation, an enlargement of credits, an undue expansion of the instruments of credit; and they have all resulted in the same sad uniformity of misery that has followed their culmination.

I now proceed to notice the second point that has been made in favor of this bill. It is assumed that specie payment will injure the debtor class of this country and thereby oppress the poor; in other words, that the enforcement of the resumption law will oppress the poor and increase the riches of the rich. It is assumed that the laboring men are in debt and that the rich men constitute the creditor class. I deny this proposition *in toto*. I affirm that the vast majority of the creditors of this country are the poor people; that the vast majority of the debtors of this country are the well-to-do people, in fact, people who are moderately rich.

As a matter of fact the poor man, the laboring man, cannot get heavily in debt. He has not the security to offer. Men lend their money on security, and in the very nature of the case poor men can borrow but little. What then do poor men do with their small earnings? When a man has earned out of his hard work a hundred dollars more than he needs for current expenses he

reasons thus: "I cannot go into business with a hundred dollars; I cannot embark in trade; but as I work I want my money to work." And so he puts his small gains where they will earn something. He lends his money to a wealthier neighbor or puts it in the savings bank. There were in the United States on the 1st of November, 1876, forty-four hundred and seventy-five savings banks and private banks of deposits, and their deposits amounted to $1,377,000,000, almost three-fourths of the amount of our national debt. Over two and a half millions of the citizens of the United States were depositors. In some States the deposits did not average more than $250 each. The great mass of the depositors are men and women of small means: laborers, widows, and orphans. They are the lenders of this enormous aggregate. The savings banks, as their agents, lend it to whom? Not to the laboring poor, but to the business men who wish to enlarge their business beyond their capital. Speculators sometimes borrow it. But in the main well-to-do business men borrow these hoardings. Thus the poor lend to the rich.

Gentlemen assail the bondholders of the country as the rich men who oppress the poor. Do they know how vast an amount of the public securities are held by poor people? I took occasion, a few years since, to ask the officers of a bank in one of the counties of my district, a rural district, to show me the number of holders and amount held of United States bonds on which they collected the interest. The total amount was $416,000. And how many people held them? One hundred and ninety-six. Of these just eight men had over $20,000 apiece, and the other one hundred and eighty-eight ranged from $50 up to $2,500. I found in that list fifteen orphan children and sixty widows, who had a little left them from their fathers' or husbands' estates, who had made the nation their guardian. And I found one hundred and twenty-one laborers, mechanics, ministers, men of slender means, who had kept what they had and put it in the hands of the United States that it might be safe. And they were the "bloated bondholders" against whom so much eloquence is fulminated in this House.

There is another way in which poor men dispose of their money. A man says, I can keep my wife and babies from starving while I live and have my health, but if I die they may be compelled to go over the hills to the poorhouse; and, agonized by that thought, he saves out of his hard earnings enough to take out and keep alive a small life insurance policy, so that, if he dies, there may be something left, provided the insurance company to which he intrusts his money is honest enough to keep

its pledges. There are of course some rich men insured in these companies, but the majority are poor people, for the policies do not average more than $2,200 each. What is done with the assets of these companies? They are loaned out. Here again the creditor class is the poor and the insurance companies are the agents of the poor to lend their money for them. It would be dishonorable for Congress to legislate either for the debtor class or for the creditor class alone. We ought to legislate for the whole country. But when gentlemen attempt to manufacture sentiment against the resumption act by saying it will help the rich and hurt the poor, they are overwhelmingly answered by the facts.

Suppose you undo the work that Congress has attempted—to resume specie payment—what will result? You will depreciate the value of the greenback. Suppose it falls ten cents on the dollar. You will have destroyed 10 per cent. of the value of every deposit in the savings banks, 10 per cent. of every life insurance policy and fire insurance policy, of every pension to the soldier, and of every day's wages of every laborer in the nation.

Daniel Webster never uttered a greater truth in finance than when he said that of all contrivances to cheat the laboring classes of mankind none was so effective as that which deluded them with an irredeemable paper money. The rich can take care of themselves, but the dead weight of all the fluctuations and loss falls ultimately on the poor man who has only his day's work to sell.

I admit that in the passage from peace to war there was a great loss to one class of the community, to the creditors; and in the return to the basis of peace some loss to debtors was inevitable. This injustice was unavoidable. The loss and gain did not fall upon the same. The evil could not be balanced nor adjusted. The debtors of 1862-'65 are not the debtors of 1877. The most competent judges declare that the average life of the private debts in the United States is not more than two years. Now, we have already gone two years on the road to resumption, and the country has been adjusting itself to the new condition of things. The people have expected resumption, and have already discounted most of the hardships and sufferings incident to the change. The agony is almost over; and if we now embark again upon the open sea we lose all that has been gained and plunge the country into the necessity of trying once more over the same boisterous ocean, with all its perils and uncertainties. I speak the deepest convictions of my mind and heart when I say that, should this resumption act be repealed and no effectual substitute be put in its place, the day is not far distant when

all of us, looking back on this time from the depth of the evils which will result, will regert, with all our power to regret, the day when we again let loose the dangers of inflation upon the country.

Gentlemen speak of the years of high prices as years of prosperity. It is true there was a kind of prosperity in the day of high prices; but do not gentlemen know that war prices cannot be kept up forever? Nothing but the extraordinary calamities of war can produce such prices as we knew from 1865 to 1870. To our foreign and domestic markets was added the war market. War sat like a grim monster swallowing up the accumulated wealth of the country. More than a million men were taken out of the ranks of the producers and added to the ranks of the consumers, and all prices went up; but does anybody dream that these prices can be kept up forever, when the soldiers are mustered out and the war has closed and business has begun to resume its normal level of peace? Oh, no, gentlemen, it was inevitable that the country must come down from the level of war prices, and the attempt to get it back is to fight against fate. Unless we bring ourselves steadily and surely by the strong courage and guidance of law back to resumption, we shall reach that level by a disastrous fall; but down to it we must come.

I do not undervalue the greenback or its great services to the country; but when the gentleman from Pennsylvania [William D. Kelley] spoke of the greenback as being the thing that put down the rebellion, I thought if I had been on the other side I would have said: We had a much more liberal supply of paper money than you had, why did it not put you down? [Laughter.] Our money was better than yours in one respect, for ours set a day of resumption, which was six months after the independence of the Confederate States should be acknowledged. [Laughter.] I think, sir, that those gentlemen who are familiar with the financial history of the Confederacy would not join the gentleman in his eulogy on paper currency which is cut loose from the coin standard.

Our country needs not only a national but an international currency. Let me state a fact of vast importance in this discussion. The foreign trade of this country—its exports and imports—amounts to $1,500,000,000 in value; and every dollar of that trade must be transacted in coin. We cannot help ourselves. Every article of the exports we send abroad is measured by and sold for coin. Every dollar of imports we must pay for in coin. We must translate these coin prices into our currency, and every fluctuation in the value of the greenback falls upon

us and not upon the countries with which we trade. Therefore the commercial interests of America demand that the international and national value of money shall be one, so that what is a dollar in Ohio shall be a dollar the world over. Our money must be international as well as national, unless we wish to isolate this country and have no trade or commerce, or glory on the sea.

The trouble with our greenback dollar is this: it has two distinct functions, one a purchasing power and the other a debt-paying power. As a debt-paying power it is equal to one hundred cents; that is, to pay an old private debt. A greenback dollar will by law discharge one hundred cents of debt. But no law can give it purchasing power in the general markets of the world unless it represents a known standard of coin value. Now, what we want is that these two qualities of our greenback dollar shall be made equal; its debt-paying power and its general purchasing power. When these are equal the problem of our currency is solved and not till then.

We who defend the resumption act propose not to destroy the greenback but to dignify it, to glorify it. The law that we defend does not destroy it, but preserves its volume at $300,000,000 and makes it equal to and convertible into coin. I admit that the law is not entirely free from ambiguity. But the Secretary of the Treasury, who has the execution of the law, declares that section 3579 of the Revised Statutes is in full force, namely:

> When any United States notes are returned to the treasury, they may be reissued, from time to time, as the exigencies of the public interest may require.

Although I do not believe in keeping greenbacks as a permanent currency in the United States, although I do not myself believe in the Government becoming a permanent banker, yet I am willing for one that, in order to prevent the shock to business which gentlemen fear, the $300,000,000 of greenbacks shall be allowed to remain in circulation as long as the wants of trade show manifestly that they are needed. Now, is that a great contraction? Is it contraction at all?

Why, gentlemen, when you have brought your greenback up two and one-half cents higher in value, you will have added to your volume of money $200,000,000 of gold coin which cannot circulate until greenbacks are brought to par.

Let those who are afraid of contraction consider that and answer it.

Summing it all up in a word: the struggle now pending in this House is on the one hand to make the greenback better, and on the other to make it worse. The resumption act is making it better every day. Repeal that act and you make it indefinitely worse. In the name of every man who wants his own when he has earned it, I demand that we do not make the wage of the poor man to shrivel in his hands after he has earned it; but that his money shall be made better and better, until the plowholder's money shall be as good as the bondholder's money; until our standard is one, and there is no longer one money for the rich and another for the poor.

This is the era of pacification. We believe in the pacification of the country. That is, we seek to pass out of the storm center of war that raged over this country so long and enter the calm circle of peace. We believe in the equality of States, and the equality of citizens before the law. In these we have made great progress.

Let us take one step further. Let us have equality of dollars before the law, so that the trinity of our political creed shall be equal States, equal men, equal dollars throughout the Union. When these three are realized we shall have achieved the complete pacification of our country.

We are bound for three great reasons to maintain the resumption of specie payments: First, because the sanctity of the public faith requires it; second, because the material prosperity of the country demands it; and, third, because our future prosperity demands that the agitation shall cease and that the country shall find a safe and permanent basis for financial peace.

The elements are now all in our favor. The Secretary of the Treasury tells us in his report laid upon our table this morning that he has $66,000,000 of gold coin, unpledged for any other purpose, waiting as reserve for the day of resumption. He is adding to that stock at the rate of $5,000,000 a month. Our surplus revenue of $35,000,000 a year will all be added to his reserve. Foreign exchange is now in our favor. We are selling to other nations almost $200,000,000 a year more than we are buying. All these elements are with us. Our harvests have been more bountiful than ever before. The nation is on the returning wave of prosperity. Everywhere business is reviving, and there is no danger except from the Congress of the United States. Here is the storm center; here is the point of peril. If we can pass that point and not commit ourselves to the dangerous act now threatened, we shall soon see resumption complete.

I notice that gentlemen do not move to strike out the first

section of the resumption act. Why? Two years ago my colleague [Mr. Ewing], in his debate with Governor Stewart L. Woodford, laughed at silver resumption, so far as the postal currency was concerned, as absurd and as impossible.

He spurned the proposition to destroy our paper scrip which cost but little, and replace it with silver change which had some value. He argued that every silver coin issued would be hidden away and none would go into circulation. But since that debate silver resumption under the first clause of the bill is completed, except that we have not yet been able to fund all the old scrip, so lazily do the people exercise their right of redemption. But gentlemen think that now, if we resume under this section, the currency will all be taken up.

General Ewing.—In the debate with Governor Woodford, in 1875, I did make the statement to which the gentleman refers. But that was before the people of this country, or I presume the people of the world generally, knew of the furtive and rascally act of demonetization of silver in the adoption of our Revised Statutes. It was before the immense fall of silver. It was when the silver dollar was at a high premium over the greenback dollar. Speaking from conditions then existing and the price of silver at that time, the statement was reasonable that the fractional silver currency would be taken up and sold, and not go into general circulation.

General Garfield.—The trouble with the statement of my friend is that, the fractional silver currency being 12 per cent. below the value of the silver dollar, there was not the slightest danger, at the time he speaks of, that the silver coin after being issued would pass out of circulation. My friend did not believe in silver resumption until that metal became so depreciated as to be worth vastly less than paper.

Gentlemen think there is danger that the people will present all their greenbacks and demand the coin, if resumption is enforced. Let us see. Remember how slow they have been in giving up their scrip. Suppose that a farmer in one of your Eastern States sells his farm for $10,000. He wants to remove to the great West. He gets ten greenbacks of the denomination of $1,000 each. This is easy to carry; he can put it in his vest pocket. Do you think as a mere matter of convenience he will go to the assistant treasurer in New York and get for those greenbacks forty pounds' weight of gold coin to carry in his pockets, or, if the silver dollar should be restored, six hundred and forty pounds of silver? No, gentlemen, the moment your greenback is equal to gold, it is better than gold; for it is more

convenient; and it will remain in circulation until the business of the country demands its withdrawal.

In conclusion, Mr. Speaker, if any of the substitutes offered to this bill will make resumption more safe, more certain, and will more carefully protect the business interests of the country, such amendment shall have my vote; but any measure that takes back the promise, that gives up what we have gained, that sets us afloat on the wild waves from which we have so nearly escaped, I will oppose it to the utmost, confidently trusting to the future for the vindication of my judgment. [Applause.]

On November 22 General Ewing spoke in support of his bill.

Mr. Speaker, it is characteristic of republican governments that the people confine their attention and interest to one great question until it is thoroughly settled. For six years preceding the war, nothing of public interest was generally considered but the slavery question. During the war the means of its successful prosecution absorbed all attention. Since its close, the status of the negro race as components of our political life, and the terms of rehabilitation of the revolted States, have been the controlling questions in every campaign. Now that the last of the Southern questions is happily settled by the triumph of the democratic principle of local self-government, there loom up, as paramount in importance and interest, the questions of the debt and the currency.

Happy would it have been for the people had they considered these questions twelve years ago. They would have been saved the infliction of five gigantic wrongs in their finance policy. They would have had a paper currency composed solely of greenbacks, and have avoided $350,000,000 of unnecessary bonded debt caused by dividing the circulation with national banks—a saving which would by this date have equaled one-third of our national burden. They would not have suffered the maladroit and mischievous funding in long bonds of the $1,200,000,000 of interest notes, the chief part of which were legal-tenders and performed the double office of investment and currency; which were dispersed throughout the country, and little felt as a burden because of the ebb and flow of payments from the treasury to the people as interest, and from the people back to the treasury as taxes. The funding of those notes largely contracted the effective currency just as our business wants were immensely increased by the return of the South to our

industrial life; and substituted for them a credit system which occasioned the panic of 1873.

So, too, if the people had been awake to these questions, the act of repudiation and extortion in 1869 would never have become a law, by which $500,000,000 were in effect taken from them and given to the bondholders without consideration; nor the silver swindle of 1873 and 1874 by which we were deprived of the power to pay our public debts in the coin of the contract, the metal of which America is the great producer; nor the crowning villainy of the act of 1875, by which about ten thousand millions of currency debts were made payable in gold, by which the great wealth-producing classes are being robbed of their accumulations for the benefit of usurers, and our land in the midst of the abundance of God's bounties is filled with the cries of hunger and despair.

Mr. Speaker, I wish it to be understood that the bill has no connection with the question whether the system of free banking established by the resumption law shall stand or fall. It will leave the bank system just where it now is, open to all in any locality who may choose to establish banks of issue. This measure will merely stop the redemption and destruction of greenbacks, and the purchase and accumulation of coin for that purpose. When it shall have been disposed of, it will be for Congress to determine whether the sovereign prerogative of furnishing the money of the people shall be exercised by the Government alone, or divided with private corporations.

Mr. Speaker, no greater wrong can be inflicted on a people by government than a contraction of the volume of currency to which their values are adjusted. The prices of commodities, whether land, product, or labor, are determined absolutely by the effective volume of the currency. An increase of the volume raises the price of all commodities; but, if not carried beyond the wants of business, does injury to only a comparatively small class, whose wealth or dependence is chiefly in money securities, fixed rents, annuities, or salaries. Yet, while it injures them in one way it helps them in another: it lightens the burden of taxation, promotes industry, stimulates exchanges, multiplies opportunities for safe and profitable investments, and thus indirectly compensates them for the diminution of the relative value of their money. Thus, during the war of the rebellion, so great were the general benefits from the increased volume of the currency, and so many the new opportunities for successful investment, that even the small creditor class suffered little by the decrease of the purchasing power of money.

On the other hand, a contraction of the currency, by diminishing the price of land, labor, and commodities, spreads ruin among the masses. It oppresses debtors, by reducing the price of those commodities by the sale of which money is raised to pay debts. It in like manner lays increased burdens on taxpayers. It checks business, because neither the maker nor the exchanger of values can work profitably on a falling market; and, by diminishing business, forces wage people into idleness and starvation.

David Hume, in his "Essay on Money," says:

> The policy of the good magistrate consists in keeping the money of the nation if possible still *increasing;* because by that means he keeps alive a spirit of industry and increases the stock of labor, in which consist all real power and riches. Accordingly we find that, in every kingdom into which money begins to flow in greater abundance than formerly, everything takes a new face: labor and industry gain life, the merchant becomes more enterprising, the manufacturer more diligent and skillful, and even the farmer follows his plow with greater alacrity and attention.
>
> On the other hand, a nation whose money decreases is actually at that time weaker and more miserable than another nation which possesses no more money but is on the increasing hand. The workman has not the same employment from the manufacturer and merchant; the farmer cannot dispose of his corn and cattle, though he must pay the same rent to his landlord. The poverty and beggary which must ensue are easily foreseen.

Mr. Speaker, this resumption law found the prices of land, labor, and products in the United States adjusted to a volume of $733,000,000 of money, exclusive of fractional currency. I do not include silver or gold, for they were not then, and are not now, any part of the actual currency. This volume was not excessive. It was but $17.50 *per capita,* including the fractional currency. Compare it with the money of other nations. Take England, which has by various estimates from $27 to $34 *per capita,* or Germany, which has $23 *per capita.* These are small nations, comparable only in area with our States; they are covered with networks of railways and their exchanges are swiftly made; while we are spread over a vast continent, imperfectly developed, and our exchanges are comparatively slow. It was the deliberate judgment of General Grant's Administration in December, 1873, as expressed in his message—an opinion concurred in by the public generally—that our currency was then too small for our business in the dullest seasons of the year.

Now, the immediate evil of this resumption law is that it necessarily involves a destruction of from one-half to three-fourths of our paper money; that the gold with which the paper will be redeemed will not go into general circulation, and that

therefore the execution of the law will result in a reduction of all values in substantially the proportion of the contraction of the currency, carrying with it an enormous increase of the burdens of debt and taxation, the widespread ruin of industry, and the pauperization of millions of our people.

This law was in fact devised by the money power to double their wealth through contraction and the consequent shrinkage of values, and at the same time to take from the people all control of the currency; to drive in the circulation of the country banks, and establish a dominion of the money power, through a few banks in the large cities, over the business and fortunes of the great wealth-producing classes and sections.

Under this law every greenback redeemed must be destroyed. My colleague [Mr. Garfield] says that Mr. Sherman now thinks they may be reissued. If so, he has changed front. He intimated most distinctly in the Senate, when the resumption bill passed, that redemption meant cancellation. But, whatever may be his opinion, the law stands, and whoever may be Secretary must execute its evident purpose. Section 3579 of the Revised Statutes, which Mr. Sherman is now reported to interpret as authorizing a reissue, was in force in 1875, when he expressed the opposite opinion. It provides that "when any United States notes are *returned* to the treasury they may be reissued." Certainly notes *returned*—that is, received *in payment of public dues*—may be reissued. The act of receiving such notes is not *redemption*—which is payment of a public debt, and involves extinction of the evidence of the debt unless otherwise expressly provided by law.

But Mr. Sherman's latest phrase of opinion on this question is not only unsustained by the law, but actually multiplies the difficulties and dangers of resumption. It compels redemption in gold not only once but over and over again, and requires the treasury to be the perpetual supplier of gold to all who need it; while it puts in the hands of the Secretary the power to expand or contract the currency by reissuing or hoarding greenbacks at his discretion.

Mr. Bristow, when Secretary of the Treasury declared the purpose and effect of the law in his report for December, 1875, saying, "the faith of the Government now stands pledged to the final redemption and *removal from the currency of the country* of the legal-tender notes as fast as they shall be presented for redemption." Mr. Morrill, his successor, reiterated it in his report in 1876, saying that the law "declared in effect *a monetary system composed of coin and national bank notes* redeemable

in coin." The Treasury Department has declared it every month by the destruction of fractional currency redeemed under the same language of the same law. The act itself declares it by providing for the "redemption" of fractional currency "until the whole amount *outstanding shall be redeemed*"; and by providing that legal-tenders shall be redeemed before January 1, 1879, "until there shall be outstanding $300,000,000 of such legal-tender notes *and no more*"—both these provisions plainly showing that "redemption" means final extinction and removal from the currency of the country.

Mr. Speaker, no nation ever maintained a redeemable paper currency equal to the volume of coin in the country. France with $1,200,000,000 in coin according to the estimate of Victor Bonnet, and $1,600,000,000 according to Mr. Carey, has not yet felt able to resume specie payments on $491,000,000 of paper. England with $700,000,000 of coin can maintain a redeemable paper currency of only about two hundred and sixty millions. Before the war, we had two hundred and eighty-five millions of coin in the United States, and our banks never had a paper circulation in excess of two hundred and fifteen millions. The reason is obvious: when coin becomes actually current, two-thirds of its volume, at least, is absorbed by the people or hoarded as reserves by banks of deposit only: and it is not possible for banks of issue or the Government to get control of over one-third or a fourth of the coin in the country as a redemption fund. Thus, before the war, the banks never held to exceed eighty-three millions of the two hundred and eighty-five millions of coin in the country. The British banks hold about one hundred and thirty millions of the seven hundred millions in Great Britain, and the Bank of France holds four hundred and forty-three millions of the twelve hundred to sixteen hundred millions of coin in France.

Hence, if our own experience and that of other nations are to guide us to permanent resumption, we must increase our coin, or cut down our paper, or both, until the amount of coin in the country shall far exceed the amount of paper money. It should exceed it about threefold to make resumption as safe as in England or France; and should exceed it one-third to get back to the merely spasmodic resumption we had before the war.

Now, what is our present supply of coin and bullion? According to a number of estimates made for me, by persons who have the means of information attainable, we have one hundred and sixty millions of gold and silver coin and bullion in the Treasury, the banks, and among the people.

But we have had two hundred and eighty-five millions of gold and silver coin and bullion in 1860, and in the seventeen years since we have produced from our mines one thousand and seven millions of gold and two hundred and fifty-five millions of silver; about half of which, or six hundred and thirty-one millions, have gone into coinage. What has become of this vast sum of coin?

It has flowed abroad to pay our debts. Much more than half of our national debt is owned in Europe. The interest on our national bonds held abroad is exceeded by the coin interest on State, city, railway, and other American securities held there; so that the aggregate coin interest annually due from the people of the United States to Europe is estimated at from one hundred to one hundred and fifty millions of dollars. Add to this from forty to fifty millions per year paid for foreign shipping, and a sum equally great for expenses of foreign travel, and we have an aggregate annual drain of from one hundred and eighty to two hundred and fifty millions of dollars in payment of debts and expenditures abroad.

How have we paid this enormous annual foreign demand?

First, by the shipment of coin and bullion. From 1860 to 1876, both inclusive, we shipped abroad one thousand and fourteen millions of gold and silver more than we imported, being an average of over fifty-six millions a year. The balance of the foreign demand upon us we have paid in part by an occasional balance of trade in our favor; but always, in whole or in part, by selling more bonds abroad, thus each year increasing the annual drain of the precious metals and making it more impossible for us to get or keep any large sum of coin in our country.

I do not ignore the consideration that our disuse of gold and silver as money would of itself have caused them to flow abroad. But I claim that our foreign debts and expenditures make the drain imperative, whether we do or do not use the coin as a foundation for a home currency. Our great specie product of the past seventeen years has become the property of creditor nations who have built their business on it. We can neither bring it back, nor hold future accumulations here, by creating a demand for it at home, be it ever so imperative; for with nations, as with individuals, "the borrower is servant to the lender." No nation greatly in debt abroad ever did, or can, have a redeemable paper currency for domestic business. Russia, Austria, and Italy, who are like us greatly in debt abroad, are also like us compelled to forego specie payments.

But my colleague [Mr. Garfield] says in effect that this bad

condition is all changed now, and resumption made easy by our favorable balance of trade. So far from the balance of trade helping us to coin, the report of the Bureau of Statistics of August 21, 1877, shows that we shipped abroad for the year ending June 30, 1875, seventy-two millions of coin and bullion more than we received; in 1876 forty-one millions, and in 1877 sixteen millions. So that, notwithstanding the unexampled balance of trade in our favor, and our great effort to accumulate gold for resumption, we have in the past three years exported one hundred and twenty-nine millions more of coin and bullion than we have received from abroad. How, then, has the balance of trade helped resumption?

Mr. Speaker, this vast and increasing drain of the precious metals makes a maintenance of specie payments absolutely impossible on one-third of our present volume of paper currency. Until the financial policy which has taken our debt from our own people to send it abroad shall be wholly reversed, and the debt is held at home; until the usury which forbids vessels built here, where money costs 10 per cent., from competing with those built on the Clyde, where money costs but 3, shall have been abated by a money policy which shall give money and moneyed securities a less exorbitant interest; we can no more arrest this outgoing drain of the precious metals than we can stop the waters warmed by an American sun in the Gulf from flowing to lave and enrich the British Isles.

The Administration has had in its hands for three years past the whole credit resources of our nation for the purchase of coin wherewith to prepare for resumption. It has been authorized to sell bonds bearing 4, 4½, and 5 per cent. interest. Three-fourths of the time allotted for preparation has already elapsed. The Secretaries of the Treasury have exerted themselves to the utmost to accumulate gold. The national banks have no doubt been fairly diligent in getting and hoarding it. The problem before the treasury and the banks has been to get gold enough to keep seven hundred and thirty-three millions of paper afloat, or to take up the paper with gold and destroy it. How successful have they been? We find from a report of the Secretary of the Treasury made to this House last Thursday that the United States had succeeded in obtaining to October 31, 1877, but $57,436,071 of gold, from which is to be deducted, however, accruing interest, amounting at that date to $24,840,093—leaving but $32,595,978 of gold applicable to resumption. Whether any of that small sum is what Jim Fisk would have called "phantom gold"—say subscriptions by the national banks for

bonds *payable* in gold, but not yet paid—does not distinctly appear. In addition to the thirty-two and a half millions in the treasury, the national banks hold $19,948,407 of silver and gold combined. How much of this is silver and how much gold does not appear from the bank statement. No doubt the chief part is subsidiary silver coin, which is of no use for resumption.

WILLIAM M. SPRINGER [Ill.].—If the gentleman will allow me, I would say that, according to the last statement of the Comptroller of the Currency—that for November—there are but five millions of gold coin in the national banks, the other specie in the banks being in silver and United States gold certificates.

GENERAL EWING.—After nearly three years of preparation, what have we accomplished? We have effected a net destruction of over seventy-five millions of greenbacks and bank notes combined; but have accumulated in the banks and the treasury less than fifty millions of gold and ten millions of silver applicable to resumption. Here we are, then, with resumption day not fourteen months distant, with not one-fifteenth of the amount of gold and silver indispensable to float six hundred and fifty-eight millions of paper money now outstanding—with no stock of the precious metals in the United States to draw from—with the outgoing drain still kept up—with our foreign creditors and the great banks of Europe determined to prevent the shipment of gold to America; holding in effect a mortgage on every dollar of the coined product of our mines; and able to drain the petty accumulations in our treasury or the banks at will by simply demanding coin payment of the interest on our public and private securities, or by sending them home for sale. Under these conditions, how utterly futile it is to hope that we can maintain resumption without the swift destruction of much the greater part of the present currency of the country!

If we were wholly out of debt to Europe, if our foreign commerce floated under our own flag, if there were no system of absenteeism among our wealthy classes, expending their wealth abroad, resumption in gold, or even in gold and silver, would be impossible on our present volume of paper currency for many years to come. In the proportion of coin in England to redeemable paper money, it would require about eighteen hundred millions in our country to maintain resumption on the six hundred and fifty-eight millions of paper money outstanding. In the proportion of France's paper money to her coin, we would require an accumulation of sixteen hundred millions. Take even the proportion of coin in our country in 1860 to the highest volume of paper money then in circulation and nominally redeemable,

and it would require nearly nine hundred millions of coin to float our present paper money.

How can we accumulate such a vast sum of gold? The coined product of our mines, if it were all retained here, would not yield it in forty years. If we were free from debt to-day and were to offer 6 per cent. bonds in the markets of Europe in exchange for gold, we could not get a hundred millions. Recollect, sir, that England, France, and Germany never suffer a shipment of gold from their shores, if by any artifice or power they can prevent it. All the vast sales of bonds abroad for fifteen years past have brought us nothing but our own securities or merchandise. England refused to pay the Geneva award of fifteen and a half millions in gold, but paid it in securities. An export of ten to fifteen millions of gold will always produce a panic there. It is the base of the pyramid of currency and credits in every specie-paying country, and the withdrawal of any part of the base shakes the industrial fabric resting on it. Hence every monarch of Europe guards his country's gold as he does his crown or scepter.

Hence resumption can only be *maintained* by the destruction of the greater part of the present paper currency. To accomplish that purpose the means provided in the law are probably adequate. Mr. Sherman says they are. He ought to know. His plan probably will be to limit the amount of redemption per day to, say, two millions; to require all the greenbacks to be presented through a chosen syndicate which can pay him two millions of gold per day for 5 per cent. bonds, and present two millions of greenbacks per day and receive the gold back. It could probably be managed so that most of the gold thus used would be merely diverted from European and American money markets long enough to flow through the treasury and back to the same markets, causing comparatively little disturbance, and accomplishing in effect merely a *funding* of most of the greenbacks into gold-bearing bonds.

My colleague [Mr. Garfield] says the people will not want the gold when greenbacks are at par. True, the masses will not. They never have wanted it in preference to greenbacks, which they always have regarded as being, in the language of President Grant's message in 1873, "the best paper money they ever had." But the *people* generally will have no more to do or say as to the redemption and cancellation of their currency than they have had with the finance policy of the Government for the past twelve years; than they had with the establishment of the national bank system; or the funding of the $1,200,000,000 of

interest-bearing treasury notes; or the passage of the infamous act of 1869; or the rascally sleight of hand by which silver was demonetized; or the enactment of that sum of financial villainies—the resumption law. The national banks, the importers, the gold rings in New York, the desperadoes of Wall street, the money kings of Europe to whom we are financially enslaved, *they* will present the greenbacks for redemption and destruction as fast as the gold can be paid over the counters of the treasury.

But we are assured there will be little more contraction, because gold will take the place of the redeemed greenbacks in the business of the country. That is a most fallacious conjecture. The dearth of gold here, the present large demand for it, the immeasurably increased demand arising from the fact that considerably more than two thousand millions of national, savings, and other bank deposits will then be payable in gold; that seven or eight billions of other debts, corporate and private, and seven hundred and fifty millions of annual taxes, now payable in currency, will then be payable only in gold; that every banking institution in the land will be at the mercy of the millionaire gamblers who may hoard it to burst the banks and place the business of the country at their feet, will create a general scramble for coin which will keep every dollar of it out of general circulation.

After our currency shall have been contracted over a half by destruction of the greenbacks, the bank circulation must also be largely reduced to maintain resumption. The national banks, since the resumption law was enacted, have made a net reduction of forty-eight millions of their circulation. Whatever other causes may have led to it, the obvious impracticability of maintaining even the present volume of bank currency redeemable in gold was the main cause. Over three hundred national banks have already surrendered their circulation in whole or in part. They are chiefly the banks of the country districts, that know perfectly well that it will be impossible for any banks to maintain their circulation except those situated in the great importing centers, where whatever of gold may remain in the country will accumulate, and where alone redemption will be practicable.

The destruction of over seventy-five millions of greenbacks and national bank notes under the operation of the resumption law has of itself caused much of the business distress we have witnessed; but the obviously impending destruction of more than half of what is left is the storm cloud which covers our heavens and fills all communities with alarm.

Sir, the assertion that the distresses that our country is now

undergoing are due to the large volume of currency, and to the wastes of the war, is contradicted by our experiences, and by the parallel experience of England's twenty years of continental war and irredeemable paper money. British industry was greatly wasted by that protracted war, but the loss was more than made up by the industrial prosperity which attended her full, stable, but irredeemable paper currency. It was in that season that she established her manufacturing and commercial supremacy over the world. Every sea was whitened with her commerce; every market filled with her wares. Napoleon said in his exile at St. Helena, "Great Britain conquered me with her spindles"—with spindles kept in motion by a prosperity due to the fact that she had during that period of suspension a fuller, better, and more stable currency than any which can be built on the quicksands of gold and silver.

So *we* had, during the rebellion and for some time afterward, a full and satisfactory currency which stimulated industry, and compensated to a large extent for the ravages of war. If the distress which now afflicts our country were due to the increased volume of paper money, how is it that during the period of the fullest currency bankruptcies were almost unknown? How is it that that period, though marked by extremely heavy taxation, was one of comparatively little accumulation of municipal or private debt?

Mr. Speaker, the records of commercial failures in the United States indisputably show that business distress was least when the currency was fullest, and that the contraction of the currency, by funding legal-tender interest notes, arrested prosperity and caused an enormous increase of bankruptcies throughout the nation. In place of this currency withdrawn was substituted a mountain of debt which toppled over in the panic of 1873. But in the year following the panic those records show, and our recollections attest, that the business of the country revived. The return of prosperity was stopped by this resumption law, which was an emphatic warning to moneyed men to withdraw or withhold their money from all industrial pursuits, and to hoard it in anticipation of a contraction and shrinkage of values unparalleled in our history. Had our home debt and our currency been let alone, the prosperity that accompanied and followed the war would no doubt have continued, prices would have gradually settled to a salutary level through a relative shrinkage of the currency resulting from the extension of business, and we would have been to-day richer, freer from debt, and far, far nearer a practicable resumption than now.

My colleague [Mr. Garfield] attempts to prove that our present disasters are the result of the increase of the currency during the war, by citing the hard times from 1837 to 1842 and from 1857 to 1859 as instances of the evils of redundant currency. Sir, the volume of currency was no larger at those periods than it was in 1860, which has been cited by the gentleman as the most solidly prosperous year in our history. Those panics were caused by the fact that the specie reserves of the banks were necessarily small, and that to accommodate the business of the country they issued more paper than they could get coin to redeem with, and therefore specie payments collapsed. To get back to redemption, the banks were compelled by their charters to do just what the resumption law now compels the treasury and the national banks to do, that is, contract their paper to the little measure compatible with coin redemption. That contraction, and that alone, caused the business distress which characterized the years following those panics.

But my colleague tells us that greenbacks are within 2½ per cent. of gold, and by the 1st of January, 1879, we will glide into resumption as a ship is launched from the stocks. Sir, that is the same jack-o'-lantern which beguiled the British people into the bog of resumption in 1819. Ricardo and other oracles assured the people that, as gold was at but 4 per cent. premium, resumption was an easy step, and that the fall of values caused by resumption would not exceed the 4 per cent. premium then existing on gold. Their assurances were credited, the law was passed, and the shrinkage of the currency and the fall of values which followed exceeded tenfold the predictions of these oracles of finance. This theory, which Ricardo himself subsequently admitted to be fallacious, is referred to now by the resumptionists with as much assurance as if it were a demonstrated maxim of finance. The fact is the premium on gold is no measure whatever of the extent of contraction necessary to resumption.

Equalization is not resumption. Equalization can occur without disturbance of the volume of the currency or of domestic business, for it leaves all who want gold to exchange greenbacks for it in the market. Resumption involves redemption and destruction of the home currency to the extent of the demand for gold, regardless of the disasters to business attending such destruction.

The reduction of the premium on gold is due to causes which may cease or be counteracted at any time. The depression of industries in Germany through contraction by silver demonetization; and in England through a falling off of exports to the

United States, and through the cheapening of silver, which has enabled the residents of British India to manufacture goods there at less cost than they can be manufactured in England (thus cutting off her greatest market), has tended to lessen the demand for gold in Europe, while the decrease of our own imports has lessened demand for it at home. Hence its fall in price in our markets.

A revival of commercial prosperity in those nations, increasing the export demand for our gold; a money panic abroad; a large crop in England next year; a short crop here; or even the termination of the European war, opening the Dardanelles for export of Russian wheat, may turn the balance of trade against us and send gold up to 10 or 20 per cent. premium before resumption day. Any one of these incidents, after resumption, would probably drain the little accumulations from the treasury and the banks, and throw them into insolvency.

But we are told that silver will be remonetized, and then resumption will be practicable without further contraction. That, in my judgment, is an egregious error. The total supply of silver coin and bullion in the United States, exclusive of subsidiary coin, is stated on excellent authority not to exceed from five to ten millions of dollars. There is no great stock of silver in the world on which we may draw for the enormous sum needed as an auxiliary to resumption; the only one large accumulation being the demonetized coin of Germany, which does not exceed $80,000,000. Remonetization by us will strengthen the already strong tendency in Germany to restore its silver, and will go far to remove the restrictions on that coinage in France, Italy, Spain, and the other states of the Latin Union. Mints have been established to coin it in Japan and India, and are about to be established in China with a view to the substitution of silver for copper in the domestic business of those countries, which is vast enough to absorb all the silver of the world. If our paper currency should be contracted no further, and if every contingency were to result in our favor, we could not possibly accumulate in the next twenty years enough of the precious metals to maintain even the sham redemption we had before the war. The only alternatives, therefore, are an indefinite postponement of resumption, or contraction of the volume of paper money to less than the attainable supply of coin, say $200,000,000.

Mr. Speaker, there is no law of political economy more universally recognized than that the reduction of the effective volume of a currency, by which the values of a country are measured, causes a ratable reduction of all values of land, labor, and

product. It was strikingly illustrated in the history of the British resumption law. When that act had been in force three years, and resumption day was but a year distant, Mr. Atkins showed on the floor of the House of Commons—and Tooke's "Tables of Prices" confirms his statement—that the reduction of the bank paper 45 per cent. as a necessary preparation for resumption caused an equally great reduction of all values on the island.

I think it safe to say that the combined effect of withdrawal of over seventy-five millions of the paper currency under the resumption law, and the hoarding caused by the threat of resumption, have together reduced its effective volume at least one-third, resulting in an average fall of values in like proportion.

Now, Mr. Speaker, what is the extent of injury thus inflicted? How have taxpayers suffered? We pay more taxes each year than the aggregate volume of our currency—seven hundred and fifty millions—for the support of national, State, and local governments. That is, a tax of $17.50 per head for every man, woman, and child in the United States—an enormous burden, far surpassing any borne by any people on earth. The British pay $11.09 per head; the French, $11.41; the Germans, $9.24; the Austrians, $7.22. This burden is insupportable, unless industries prosper. The resumption law has broken down industries and reduced one-third the average values of land, labor, and products, by the sale of which alone taxes are paid, and in effect has thus increased the tax burden 50 per cent. The burden has thus been made, in heavily taxed communities, absolutely insupportable. Several great States, and many counties and cities, have already sought relief in repudiation. Continue that process of reduction of values, bring them down much more, as will inevitably be done if this law be not repealed, and one-half of the corporate and municipal debts in the United States will be repudiated. The greed of the money power, in thus seeking to enhance so enormously the value of the dollar, is only equaled by its arrogant and dogged stupidity.

Consider, Mr. Speaker, the wrong done to individual debtors by this contrived shrinkage of values. The aggregate of private debts in the United States, including railway mortgages, is probably not less than seven and one-half billions of dollars, or three and one-half times the sum of our national debt. They are owed generally by the young, energetic, driving business men of the country, who are seeking to rise from poverty to competence, or from competence to wealth. They comprise two-

thirds of the merchants, manufacturers, and exchangers of values, and give employment to two-thirds of the wage men of the country. This law breaks down their business, strips them of their property, and casts out of employment millions of laborers dependent on them.

Above all, Mr. Speaker, consider the effect of the shrinkage of values on wage laborers and their families; on the millions who are compelled to eat up in idleness the little accumulations of thrifty industry; on the millions who have no accumulations, but rely only on daily labor for daily bread, and who are now unemployed, or half employed, or living on pauper wages. The president of the Springfield and Pomeroy Railway Company, Mr. Emmett, who is struggling to construct a railway across Southern Ohio, told me recently that he had plenty of laborers offering to build his road without other compensation than enough bread and meat to keep the poor machines of their bodies in working order—asking nothing for clothes, nothing for wives or children, nothing to lay up in store for winter—and this too in the midst of bounteous harvests, in a region one of the fairest ever fashioned by the Almighty for the abode of man—

> O God! that bread should be so dear,
> And flesh and blood so cheap!

Suppose, Mr. Speaker, that resumption were attainable without further fall of values and depression of industries, and that after January 1, 1879, prosperity should promptly return. Let us make a rough estimate of the cost of resumption. It will have cost the people at large, through the enforced idleness of factories, an enormous sum, probably surpassing several times the aggregate of our national debt.

The debtor class, instead of paying seven billions, which they owe, would have to pay one-half more by the shrinkage of former values; that is, the enormous sum of about three and three-quarters billions of dollars would be wrongfully taken from them, so far as they have power to pay it, and given to the creditor class, without consideration and in violation of the spirit of the contracts.

The census of 1870 indicates that there are not less than ten millions of wage people in the United States, men, women, and children. If there be no increase of demand for labor by resumption day, we may safely put the loss of labor, unemployed, or only partly employed, at a daily average of three millions of days' labor; and, putting wages at an average of a dollar

a day, the loss, from want of employment alone, will have been nine hundred millions a year for about three years—an aggregate of $2,700,000,000 wrung from the poorest class of our people.

The loss to taxpayers in depreciation of property with which taxes are paid, while the sum of taxes remains the same, would be three hundred and fifty millions a year, or over a thousand millions in the three years; and the increase of bonded debt in purchase of gold and silver to pay and cancel the greenback and fractional currency will be four hundred and sixteen millions more. Thus, under the specious pretext that national honor requires us to add 10 per cent. to the value of three hundred and fifty-four millions of greenbacks, the contrivers of this scheme will have wrested from the people many times the sum of our vast national debt.

But the shrinkage of the currency and of all values cannot stop here, if the resumption scheme be not arrested. The entire industrial system of this country has been pushed to the verge of destruction. Savings banks and insurance companies are now failing everywhere through depreciation of real estate mortgaged to them. Yet my colleague [Mr. Garfield] appeals to us, in the name of the workingmen whose means are in these failing companies, to adhere to the policy of contraction, which involves the loss of their savings in addition to loss of employment. There is not a savings or other bank in the United States which can possibly prepare for resumption by January 1, 1879. All the banks owe, by the estimate of the Comptroller of the Currency, about nineteen hundred and seventy-four millions to depositors, which will be payable in effect in gold on that day, in addition to three hundred and seventeen millions of bank notes. Those institutions have not to-day one million of gold for each two hundred millions payable fourteen months hence. When they shall have drifted on a few months longer, their helpless condition will become generally understood, and a panic will ensue which will involve the whole banking system and with it the entire industries of the country, to be followed by an enormous increase of suffering among wage people and by civil commotions, riots, and disasters which will shake the firm foundations of order and property.

Mr. Speaker, this is no phantom of the imagination, but a prediction of fact founded on the necessary effects of the law in the situation in which we are, as illustrated by the experience of England in her fatal scheme of forced resumption.

Our legislators slavishly borrowed this scheme from British

statute books, while shutting their eyes to every lesson its history taught the world. They are blind to the fact that, while resumption was possible in England, it is wholly impossible here. When she attempted resumption the paper money to which her values were adjusted was about $232,000,000; ours, seven hundred and thirty-three millions. She had far more gold in the country than we have. All the world owed her; we owe all the world. The precious metals flowed to her from every land; they flow out from us at every port. With her small volume of paper money, her comparatively large accumulation of coin, her supreme command as the creditor, the merchant, and manufacturer of the world, resumption might well have seemed practicable to her statesmen. With our large volume of paper money, our petty and diminishing supply of coin, in our helpless situation as the financial slave of the world, unable either to get or keep coin as the foundation of a redeemable paper currency, the attempt at forced resumption is theory or craft run mad.

England carried through the scheme of her theorists and usurers, stripped her laboring class of their homes and little accumulations, robbed debtors of their property, and suppressed with slaughter the cries of her starving wage men. Our theorists and usurers have a far more gigantic job on hand. Its monstrous immortality and injustice are understood by the people, who will not submit to be robbed and enslaved by it. The alliances of workingmen everywhere—their action in the late elections—the civil commotions of last spring—are but portents of a coming storm. Look at the multitudes in the streets of our cities fast being driven by hunger to despair! I saw hundreds last summer clubbed by policemen out of the parks in New York at night—homeless, starving workingmen, who had gone there to find a resting place on the grass under a pitying sky. I warn you, this scheme has been pushed just as far as it can go. Stop! or the spoliation of the masses, accomplished and still threatened, may arouse an avenging spirit which will not be content with merely righting wrongs.

Mr. Speaker, what are we to gain by this resumption scheme to compensate for the enormous calamities it has afflicted and will yet inflict? The answer is, "We will get a better and more stable currency redeemable in gold and silver, and shall then have a sound and lasting prosperity." Sir, I deny it, and confidently assert that we will get no currency at all comparable to that we have had for ten years past.

The most that can be said of it is that it will be in some respects a better and in others a worse currency than we had before the war. It will be better than then, because the State bank money had not uniform security or value. It will be a worse currency in this, that before the war we were comparatively out of debt abroad, and had more coin in the country and greater power to hold it than we can have for many years to come; and because the enormous aggregation of money and of money securities since then has created money kings and wreckers, who own and control the great banks and can contract and expand bank issues, make hard times and good times at pleasure, and rob the people at every change of values.

Imagine us back to an exclusive bank paper redeemable in coin. Let us view the inverted pyramid! We see $3 of bank paper built on each dollar of coin in the vaults and $3 of deposits on top of each dollar of paper, making $12 of paper and deposits, largely payable on demand, resting only on $1 of coin. Then suppose any year an abundant crop of cereals in Europe, and a consequent diminished export of grain from the United States, necessarily followed by increased coin shipments. The withdrawal of twenty-five millions of coin from the banks would involve a contraction of seventy-five millions of paper, taking the foundation from under two hundred and twenty-five millions of deposits—bringing on inevitably a general panic, just as the withdrawal from our banks in 1857 of seven millions of coin for shipment abroad caused the crash of that year. A war between any two great nations; a commercial crisis in any one of them; a combination of half a dozen of our largest creditors in London or the Netherlands; a combination of two or three great speculators at home; any one of a dozen incidents may occur in any month after resumption, causing the withdrawal from the banks for shipment abroad, or for making a corner at home, of coin enough to cause a disastrous panic.

The British have something approaching honest coin redemption, for there can only be $45,000,000 of bank paper in excess of coin in the vaults of the Bank of England; yet, there, with near seven hundred millions of coin in the country, "the export of ten to fifteen millions of coin," says Mr. Patterson in his "Science of Finance," "will produce a serious commercial crisis."

In the United States we have never had, and for many years cannot have, sufficient coin attainable by the banks to establish an honest redemption of one-third of the paper money which the necessities of business imperatively demand. Before the war the deposits but little exceeded the bank paper, while now they are three times the sum of our whole volume of paper currency, be-

ing near two thousand millions; yet then we had redemption only when coin was not generally wanted, but when the banks were called on for it the fact that $1 of coin will not redeem $3 of paper and $9 of deposits always threw them into insolvency. The system would have been a juggle if it were not a transparent lie. It is to get back to something even worse than this old system of insidious swindling that the American people are now undergoing the tortures of the damned.

But the gentleman from New York [Simeon B. Chittenden] declares with great vehemence that the greenback was originally merely a debt payable on a day not named; that the resumption law made it payable January 1, 1879; and that to repeal that law, and change the day of payment so fixed, is downright repudiation. Mr. Speaker, if the gentleman's statement be true that the greenbacks were payable on a day not named, then they were payable on *demand*. Then the resumption act postponing payment four years was an act of repudiation, and to now repeal that act is to restore as far as possible the original contract. Hence, by his own logic, he was a patriot when he voted against the resumption law in 1875. and is now a repudiator in sustaining it.

My colleague [Mr. Garfield] says the greenback was a forced loan. I deny it. It was issued as *money;* and solely because the people had not enough coin or other safe currency with which to prosecute the business of the war. I care not for the form of the contract, but for its meaning; not for the letter, but the spirit. It was and is only a pledge by the whole people to each successive holder that it shall be money; the money of the Constitution and law; the money of taxes, judgments, and contracts, in the transactions of domestic business; and that the function of money shall inhere in it until considerations of *public interest alone* require its redemption in coin.

A favorite scheme of the bullionists—those guardians of national honor—recommended repeatedly by Grant's Administration and the leading resumptionists of this House, has been and is to break this pledge of national faith by destroying the legal-tender character of the greenbacks in the hands of the people. They and they only are the repudiators; while those advocating the retention of the money, with all its faculties unimpaired, respect alike the obligations of national honor incurred in its issue and the considerations of national interest which demand its retention as the safest and best possible currency.

Sir, the resumption law was a trick and a fraud; hatched in the dark; its real purpose and effect concealed from all but the

initiated in the mystery of money; and put through Congress without explanation or debate, because its authors well knew that the people would never consent to increase the bonded debt or destroy the greenback, and that if the effect of the bill had been known it would have been instantly strangled on this floor.

That law is itself a repudiation of the compact by which the greenback became the measure of all contracts in the myriad transactions of domestic business. It sought to destroy the greenback and to increase by stealth the values of $10,000,000,000 of contracts, public and private, measured by it. To repeal that law, and thus restore as far as possible the just measure of those contracts, is demanded alike by the people to whom the greenbacks belong and by every consideration of interest and honor.

If a repeal of this law be repudiation, as the gentleman from New York [Mr. Chittenden] so loudly asserts, who are the hapless sufferers? Not the people at large, for they hold the money to-day and pay it out to-morrow, and a change in its purchasing power is not so instantaneous as to affect hand to hand transactions. Is it the few men who have hoarded greenbacks on the pledge of the law? They diverted the money from the uses for which it was issued and have already made exorbitant profit by it. Is it not enough for them that $6 in greenbacks will now buy ten dollars' worth of labor or property? Does justice or honor demand that we give the hoarders of one or two hundred millions of greenbacks the power to double or treble their wealth by purchasing the people's labor and property at mere nominal prices, and that to accomplish this the industries, the property, the happiness of the masses shall be sacrificed?

No, sir! no public debt, however clear or obligatory, would justify a sacrifice so stupendous. In the language of Edmund Burke—

> IT IS TO THE PROPERTY OF THE CITIZEN, AND NOT TO THE DEMAND OF THE CREDITOR OF THE STATE, THAT THE ORIGINAL FAITH OF SOCIETY IS PLEDGED. THE CLAIM OF THE CITIZEN IS PRIOR IN TIME, PARAMOUNT IN TITLE, SUPERIOR IN EQUITY.

I have not attempted, Mr. Speaker, to reply to all the arguments on the other side, or to sound a tenth part of the depths and shoals of this subject, which is as boundless as the sea. No greater question was ever presented to an American Congress for its action. It touches the prosperity, the happiness, the future, of three-fourths of the men, women, and children of this land. Countless homes have already been desolated by this rob-

ber law. Thousands of men have been drivin by it to insanity or suicide. Hundreds of thousands have been cast down from competence to poverty. Millions have been deprived of that employment for their labor on which rest the hope and dependence of their families. It is now too late to right these wrongs, but greater evils may be averted from the most of these victims, and from millions more, by the prompt action of Congress and the President.

I do not appeal to that money power which intrigues for its own aggrandizement over the wrecked fortunes of the unwary multitude—a power to which our unhappy civil war gave birth, which has grown so enormous through unjust finance legislation, and now "bestrides this narrow world like a colossus"; which subsidizes the press, the great organs of public opinion; which captures statesmen and parties, and makes them its subservient tools; which vilifies and seeks to crush every public man who dare raise his voice against it. That power, in the flush and arrogance of its enormous and ill-gotten gains, has a heart of stone, not to be touched by human sympathy or compassion. I appeal to the masses; to their faithful representatives of both parties on this floor; to all who think that the true aim of government is the greatest good of the greatest number; who believe there is a faith due to the people as well as to the holders of public securities; and that whoever by covert legislation changes the value of contracts is as accursed as he who moves his neighbor's landmarks.

For twelve years past the finance policy of this country has been dictated in Lombard street or Wall street, and the people have been plundered by every fresh enactment. They have suffered the fate of the giant Gulliver tied down by the Liliputians. Thank God! they are now about to rise, to burst the bonds their petty foes have fastened on them sleeping, and to walk abroad again in their own majesty. [Great applause.]

None of the material amendments to the bill were agreed to. The bill passed by a vote of 133 to 120. The Senate referred the bill to the Committee on Finance, which did not report it during the session.

During the following session it was brought forward in the Senate, and debated at great length. A number of amendments to it were made, and it was passed on June 13, 1878, by a vote of 45 to 15. On June 17 the House voted on suspending the rules and concurring in the Senate amendments—yeas 140, nays 112. A two-thirds majority being required to suspend the rules, the motion was lost. The matter was not brought up again during this session.

W. J. Bryan

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INTRODUCTION

Standardization of the Dollar as a Remedy for Fluctuating Prices

IN order to understand the history of the "free-silver" agitation in the United States, it is necessary to go back many years before that agitation seemed suddenly to burst upon the country after the financial crisis of 1893. The free-silver movement was really the outcropping again of the old inflationistic sentiment which, under another form ("greenbackism"), was rampant during the Civil War.

History would seem to indicate that inflationism is latent in all communities and ready to break out at the slightest provocation. Fundamentally, this seems to be due to a very natural confusion in regard to the nature of money.

Money is a great convenience in practice but a great stumbling block in theory. Most people identify it with wealth in general, and crudely reason from the fact that "we all want more money" to the conclusion that a community with much money is a community with much wealth. This fundamental fallacy, which is latent in the minds of those untutored in economics, has taken on innumerable forms. It has sometimes led to the disastrous experiment of unlimited issues of irredeemable paper money, and has often condoned the over-issue of money when the government's exchequer was in need of funds.

So it was that, during the Civil War, Secretary Chase, with the approval of New York business men who ought to have known better, issued the greenbacks. This event

brought in its train many unfortunate consequences from which we have not fully escaped even to-day. One of these consequences was the free-silver agitation.

As in most cases where a mistaken policy has been undertaken, it was prompted by genuine basic conditions. These, if they did not supply justification, certainly afforded extenuation for the free-silver vagary. The fundamental economic condition underlying the free-silver agitation was the prolonged fall in prices beginning with 1873. For two decades, with very little intermission, prices had been gradually sinking. The consequences were as unfortunate as are the consequences of rising prices to-day. They were, however, of the opposite kind. The prolonged fall of prices produced, first, an added burden for the debtor and an unearned increment for the creditor. Enterprisers felt the burden as they would have felt an increased tax. The farmer with his mortgage, the railroad with its bonds, the business man with his notes, had to pay practically the same number of dollars year after year in discharge of their interest-, rent-, salaries-, and wages-accounts, while, in consequence of falling prices, their receipts from sales were constantly diminishing. This produced a damper on business which was only partially relieved by the gradual reduction in the rate of interest which the lowered demand for loans tended to produce, and the almost equally tardy reduction in rent, salaries, and wages.

It was inevitable as well as justifiable that the falling prices should be ascribed to an inadequate money supply; just as to-day the rise of prices is being ascribed to a superabundant money supply. It was a very lame reply which the apologists for falling prices made when they tried to show by statistics that the quantity of money and even the quantity of gold in circulation had not been decreasing but had been increasing. This was true, but the question was not one of the absolute amount of money but of its amount relative to the business to be transacted with it. Money had not increased enough to keep pace with the increased demands of business. Since 1896, on the other hand, precisely the opposite has been the

case. The money supply has outrun the requirements of business, and hence the present "increased cost of living."

I realize, of course, that both of these statements have been and still are contested. Just as to-day there are many who insist that the rise of prices has nothing to do with the money supply, so in the '80s and '90s there were many who sought to show that the fall of prices could be explained quite irrespective of any monetary considerations.

As we look back on the debates of those days we can readily understand how inevitable it was that friends of sound money should oppose as dangerous not only the remedy of free silver but also the diagnosis on which that remedy was predicated. It might have been otherwise if the sound money men had had some remedy of their own to suggest. It is always hard to induce a patient to refrain from a quack remedy when you have no scientific remedy to propose instead, and it is altogether natural that in such cases the regular physician should attempt to assure the patient that his disease is of little consequence or even non-existent.

But the ugly fact that prices were progressively falling and that business men and debtors were being robbed of their normal rewards gave the inflationists their opportunity to come forward. As early as 1874 they had secured the passage by Congress of a bill to inflate the currency with more greenbacks, but this was courageously vetoed by President Grant, and the resumption act was passed instead. They did succeed, however, in partly frustrating the resumption act by providing that the greenbacks, after redemption, should be immediately reissued,—a proviso which, passed in 1878, still exists. In the same year, 1878, they also secured the passage of the Bland-Allison Silver Purchase Act, and in 1890 of the Sherman Silver Purchase Act. The injection of so much silver, combined with the impossibility of retiring the greenbacks, threatened serious disaster in 1893, by which time the increased silver currency had displaced gold to such an extent that the Treasury was on the point of

being unable further to redeem the greenbacks. These were presented in an "endless chain"—presented, redeemed, re-issued, etc.,—with no respite. As President Cleveland showed, the driving force operating this endless chain was silver inflation. He compelled Congress to repeal the Sherman Act, but too late to avert the crisis and panic of 1893, which, if it was not caused, was, at any rate, greatly aggravated by the reduction of our gold reserve and the distrust among business men of our monetary system. This crisis greatly increased the discontent which twenty years of falling prices had engendered. In 1894 appeared the book, "Coin's Financial School," by W. H. Harvey. It appeared just at the psychological moment, and had a wonderful vogue. None of the numerous replies to it could compare with it in popularity. It pointed out the scarcity of money and confidently proposed as the remedy the free coinage of silver at 16 to 1.

The public opinion which was created by this and similar writings led naturally to the free silver campaign of 1896. Many other conditions in the country also conspired to produce this result. Among these accessory or contributory causes were: the unpopularity of President Cleveland in the West—even in his own party; the political necessity for the Democrats to find a new and popular issue for the presidential campaign of 1896; the eloquent "Cross of Gold" speech of William Jennings Bryan at the Democratic convention, and his able, sincere, and enthusiastic support of the Free Silver cause; the organized support of free coinage by the silver mining interests; the clever invention of the "crime of '73," which took advantage of the coincidence of the year when prices reached a maximum with the year in which Congress decided (though we were then on a greenback basis) that the metallic standard, when we should again resume specie payment, was to be gold. Even the crisis of 1893, though largely due to silver inflation, was made to appear as the result of the scarcity of gold. Advantage was also taken of the discussion of international bimetalism which had been going on in Europe for many years.

There was a grain of truth in the claim that the abandonment of bimetalism in France in 1874, and the so-called "crime of '73" in the United States, were part causes of falling prices. If France and the Latin Union had not abandoned bimetalism in 1874 the result in those countries would have been a silver standard, and they would have contributed their gold to the rest of the world instead of draining some gold from the rest of the world. Moreover, if the United States had not passed the law of 1873, we, too, would have been a silver country, and, when we returned to a specie basis in 1879, it would have been to a cheap silver dollar instead of to a dear gold dollar. In other words, prices in the greenback standard would not have fallen as fast as they did prior to resumption in 1879; and, judging from the course of silver, they would not have fallen as fast as they did from 1879 to 1896. But these results could not have been and in actual fact were not foreseen in 1873, and Congress, in passing the law called the "crime of '73," had no sinister motive.

It must be further admitted that the silver men had some basis for their claim that bimetalism was a workable scheme. But, as I have tried to make clear in my "Purchasing Power of Money," it is only within well-defined limits that bimetalism can be made to work. In actual fact, France had bimetalism in successful operation between 1803 and 1873. On the other hand, bimetalism is always in danger of reverting to monometalism when one of the two metals becomes sufficiently abundant to expel the other from circulation. This had almost happened in France in 1874, and would actually have happened, had it not been that France then decided to avoid this result by becoming a gold standard nation.

But the free silver men did not acknowledge the limitations to which their beloved system is subject. For this reason they overlooked the importance—one might almost say the necessity—of having other nations join the United States in an international bimetalism. They were willing—eager, in fact—to "go it alone." (Incidentally, this put an end to the movement for international bi-

metalism.[1]) They overlooked the necessity of having the coinage ratio somewhere near the market ratio. The ratio of 16 to 1 was only about half the market ratio, and could only have resulted in a simple silver standard.

Fortunately, we were saved this folly through a popular "campaign of education" in which the Republicans were joined by "sound money Democrats." Naturally these allies overstated their case, just as the free silver Democrats overstated theirs; but their fundamental contention, that free silver would have meant a sudden inflation and depreciation of our money, was correct. Even granted that the debtors af the '70s, '80s, and '90s had suffered injustice—or, at any rate, loss—this loss was irrevocable. It could not be remedied by legislating in favor of the debtors of 1896. Two wrongs do not make a right.

The sober fact is that if free silver had been adopted in 1896 grave financial disaster would surely have followed. Not only would the United States have isolated herself from the gold standard nations, with which, for the most part, we do our international trading, not only would we have greatly injured our reputation and our credit abroad, not only would we have produced consternation, confusion, and unspeakable uncertainty for many months in the business world, not only would we have failed to reach many of the sufferers from falling prices during the previous twenty years, but we would have progressively produced contrary evils of the greatest magnitude.

It is easy for us to-day to appreciate these evils, because we are now experiencing them on a smaller scale. Even with the gold standard, prices have been rising; for scarcely was the campaign of 1896 over before gold production began to increase by leaps and bounds. This was partly due to the discovery of the cyanide process, and partly to the gold discoveries in South Africa, Colorado, and Alaska. This was a reversal of the previous movement and a falsification of the prophecies of the free

[1] See Henry B. Russell's "International Monetary Conferences," New York (Harper Bros.), 1898, chapters VII-IX, especially pp. 345-350.

silver men. The result was that the free silver issue soon became dead.

To-day the complaint is not of falling but of rising prices. Had free silver been adopted in 1896, we should have had an even more rapid rise of prices. This conclusion is to be fairly inferred from the history of prices and the relation of gold to silver, even after making due allowance for the fact that the free coinage of silver would have had a tendency to increase its value.

The evils of falling prices between 1873 and 1896 and the evils of rising prices between 1896 and to-day are merely the opposite facets of a single evil—the oscillation of the monetary unit. The time must ultimately come when business men will awake to the necessity of a dollar of fixed purchasing power. We have standardized every other unit in business, but have not standardized the dollar. We now have a dollar of fixed weight but variable purchasing power. We must secure a dollar of fixed purchasing power even if it be of variable weight. Those who have not studied the history of price movements seldom realize what mighty influences and evils come from fluctuations in the value of money. The free silver agitation was one of the fruits of such a fluctuation. It was reflected in politics and threatened the very foundations of business. To-day we have an agitation of an opposite kind as a result of opposite conditions, an agitation which is also reflected in politics and is producing discontent, bread and meat riots, socialism, and syndicalism. Yet few people realize the nature of these great changes. If they are not properly analyzed, and a scientific remedy is not proposed and adopted, we may again find ourselves face to face with proposals as dangerous as free silver.

Irving Fisher

CHAPTER I

"The Crime of '73"

[DEMONETIZATION OF THE SILVER DOLLAR]

Act of February 12, 1873, Dropping the Standard Silver Dollar from Coinage—Speech of Representative John M. Bright [Tenn.] against the Act as Practically Accomplishing the Demonetization of Silver—Aaron A. Sargent [Cal.] Introduces Bill in Senate to Increase Legal Tender of Silver Coins—John Sherman [O.] Introduces Substitute Therefor, Removing Legal Tender of the Trade Dollar (Coined by Act of 1873)—Debate: Sen. Sherman, Lewis V. Bogy [Mo.], Sen. Sargent, John P. Jones [Nev.]; Bill Recommitted—Sen. Sherman Reports Bill to Recoin the Old Standard Dollar with Limited Legal Tender; Sen. Bogy Moves to Make This Full Legal Tender—Debate: Sen. Bogy, Sen. Jones, Sen. Sherman, Gen. John A. Logan [Ill.], Justin S. Morrill [Vt.], Newton Booth [Cal.]; Bill Replaced by House Bill to Issue Silver Coin to Replace Fractional Currency, Which Is Passed.

DURING the session of 1872-3 John Sherman [O.] chairman of the Committee on Finance, introduced in the Senate an "Act revising and amending the laws relative to the mints, assay offices, and coinage of the United States." The important sections of this act were as follows:

Sec. 14. That the gold coins of the United States shall be a one-dollar piece, which, at the standard weight of twenty-five and eight-tenths grains, shall be the unit of value [here follows an enumeration of the other gold coins, with their respective weights], which coins shall be a legal tender in all payments at their nominal value when not below the standard weight and limit of tolerance provided in this act for the single piece, and, when reduced in weight, below said standard and tolerance, shall be a legal tender at valuation in proportion to their actual weight. . . .

Sec. 15. That the silver coins of the United States shall be

a trade dollar, a half dollar, or fifty-cent piece, a quarter dollar, or twenty-five-cent piece, a dime, or ten-cent piece; and the weight of the trade dollar shall be four hundred and twenty grains troy; the weight of the half dollar shall be twelve grams and one-half of a gram; the quarter dollar and the dime shall be respectively one-half and one-fifth of the weight of said half dollar; and said coins shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment.

Sec. 16. That the minor coins of the United States shall be a five-cent piece, a three-cent piece, and a one-cent piece. . . . . which coins shall be a legal tender, at their nominal value, for any amount not exceeding twenty-five cents in any one payment.

Sec. 17. That no coins, either of gold, silver, or minor coinage, shall hereafter be issued from the mint other than those of the denominations, standards, and weights herein set forth.

Sec. 20. That any owner of gold bullion may deposit the same at any mint, to be formed into coin or bars for his benefit. . . .

Sec. 21. That any owner of silver bullion may deposit the same at any mint, to be formed into bars, or into dollars of the weight of four hundred and twenty grains, troy, designated in this act as trade dollars, and no deposit of silver for other coinage shall be received; but silver bullion contained in gold deposits, and separated therefrom, may be paid for in silver coin, at such valuation as may be, from time to time, established by the director of the mint.

Sec. 27. That, in order to procure bullion for the silver coinage authorized by this act, the superintendents, with the approval of the director of the mint, as to price, terms, and quantity, shall purchase such bullion with the bullion fund. The gain arising from the coinage of such silver bullion into coin of a nominal value exceeding the cost thereof shall be credited to a special fund denominated the silver-profit fund. This fund shall be charged with the wastage incurred in the silver coinage, and with the expense of distributing said coins as hereinafter provided. The balance to the credit of this fund shall be from time to time, and at least twice a year, paid into the treasury.

Sec. 28. That silver coins other than the trade dollar shall be paid out at the several mints, and at the assay office in New York City, in exchange for gold coins at par, in sums not less than one hundred dollars. . . .

The act was passed with very little discussion in either Senate or House, and with no reference at all to the fact that it practically accomplished the demonetization of silver in this country by dropping the standard silver dollar from coinage. It was approved by President Grant on February 12, 1873.

The first recorded protest against the demonetization of silver by the act was made by Representative John M. Bright [Tenn.] in a speech which, on January 25, 1875, he obtained leave to print in the *Congressional Record.*

"The Crime of '73"

John M. Bright, M. C.

In connection with our coinage I will develop another grievous outrage upon the people of the country. The act of 1837 made all *silver coins,* from a half dime to one dollar, a legal tender for all sums. The act of 1853, however, made all fractional silver coins from a half dime to a half dollar a legal tender only to the extent of five dollars, leaving the *silver dollar* a legal tender for all sums.

The act of June 25, 1834, made the silver dollar, of not less than four hundred and fifteen grains, of Mexico, Peru, Chili, Central America, and Brazil, a legal tender.

The act of May, 1846, made nearly all the foreign moneys of account, at fixed values, of European nations, a legal tender. These acts all remained unrepealed until the act of February 12, 1873, which enacted—

> That the silver coins of the United States shall be a trade-dollar, a half-dollar or fifty-cent piece, a quarter-dollar or twenty-five-cent piece, . . . and said coins shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment.

The act of July 14, 1870, authorizing the refunding of our national bonds, provides that the bonds issued under it shall be redeemable *"in coin at its then standard value,"* which stipulation is inserted in the bonds and forms a part of the original contract. This is the only class of bonds payable in coin by express stipulation. Twelve other different classes of bonds were issued since February, 1861, and prior to the refunding act of 1870, all of which express on their face to pay *dollars,* with interest at a rate stated,

The point which I make is this, that the bonds, principal and interest, were payable in gold or *silver* coin up to the passage of the act of February 11, 1873. I waive the question at present whether the bonds payable in *dollars* were solvable in legal-tender notes. If they were payable in *silver coin* in dollar pieces, why did the financial ministers of the Government pay in gold, or its equivalent, interest amounting to $1,211,403,003 and principal amounting to $521,545,705, making together $1,732,948,708, when the gold was worth 6 per cent. more than silver, making a loss to the Government and people of $103,976,922.48?

But this is not all. The act of 1793 provided that "the proportional value of gold to silver . . . shall be as 15 to 1, according to quantity in weight." This act remains unrepealed. In Mexico, South America, Spain, Portugal, and in the West Indies generally, the value of gold is 16 to 1 over silver, and in Cuba said to be as high as 17 to 1. If the financial ministers had been as shrewd in protecting the people as the bondholders were as calculating to turn profits into their coffers, why did they not take the gold and exchange it for silver in other countries when it was worth 16 for 1 in value, and bring it home and pay the debts 15 to 1, and save one dollar out of every sixteen, or 6 per cent. on the amount paid? By this process $100,000,000 could have been saved on the payments already made. The silver was abundant and could have been easily obtained. The American silver mines were turning out an annual average of $23,000,000 and on the increase. The director of the mint in his last report, speaking of the quantity of gold and silver coin and bullion in the world, says:

> The world's stock of precious metals is generally estimated at from ten to twelve thousand million dollars, nearly equally divided as to the two metals.

All the bonds of the United States which by their terms are payable in coin at its then standard value may be paid in silver one-dollar pieces, which were a legal tender for any amount at the time, as much so as gold; and they ought yet to be paid in silver coin, for the double reason that such coin would meet the contract, and be to the advantage of the people 6 per cent. of the amount, being the difference in the value of gold and silver.

In like manner all the bonds payable *in dollars* may, and should be, discharged in legal-tender notes, for the same reasons, that they meet the contract and it would be to the advantage of

the people, 12 per cent. of the amount being the difference between gold and legal-tender notes.

The country has been laid under usury and extortion and flayed and victimized long enough. The Government, instead of being animated by a sense of paternal fairness and justice to the people of the country, has been obsequious in its concessions to the bondholders, many of whom are citizens of foreign governments.

To appease their clamor it gave them bonds bearing a coin interest, worth at the time $1,000,000,000 more in value than the depreciated currency paid for the bonds. It passed a declaratory act in 1869 saying that the principal of the bonds should be paid in coin or its equivalent, when the bonds by the terms were payable in *dollars.* It authorized by the act of 1870 the refunding of the bonds payable in *dollars* into 5 per cent. bonds payable in coin, with the interest payable semi-annually, and by the amended act of 1871 it made the interest on these payable *quarterly,* thereby making the 5 per cent. interest equivalent to 6 per cent. per annum. And the Government is at present paying the holders of these 5 per cent. bonds annually $4,934,386, the difference between the semi-annual and quarterly interest on $315,800,750, the amount of the outstanding 5 per cent. bonds. It has paid in gold since 1865, as I have shown, in interest and part of the principal of the public debt, $1,732,948,708, when it might have been paid, to say the least, in silver coin, and by proper financial skill have saved $200,000,000 to the people. It changed our coinage by the act of 1873 so as to destroy the legal-tender quality of silver coin except in sums under five dollars, and thus in the main to expel it as a currency from the country and leave the bondholders masters of the gold fields. And it now proposes to make our bonded debt permanent and to multiply the pernicious fecundity of the bonds by continuing them as an indispensable capital of the national banks. The whole design seems to have been to turn the people, property, and productions of the country over a lawful prey for the rapacity and speculation of the money power. And still the Government has no cure for these evils except more gold bonds and the increased taxation of the people. And the people might reply to the Government in the terrible irony of Patrick Henry:

> Shall we fill the pocket of the spendthrift with money to cure him of his prodigality?

For all these evils judgment is with the people.

On January 17, 1876, Aaron A. Sargent [Cal.] introduced a bill in the Senate making silver coins legal tender for a greater amount than $5. The bill was referred to the Committee on Finance. On March 28 John Sherman [O.], of the committee, reported as a substitute what was essentially a new bill, indeed, one negativing in part the original. This was to remove entirely the legal tender quality of the trade dollar, the only silver dollar coined under the act of February 12, 1873.

Silver as Legal Tender

Senate, March 28–June 8, 1876

Senator Sherman said that the trade dollar was made a legal tender in the act by inadvertence. In fact, it was simply a mercantile dollar, coined at the request of any holder of bullion. It was intended to promote our trade with China. It was not expected at the time the act was passed that this dollar would be used as legal tender, since it was then worth considerably more than a gold dollar.

In reply to a query as to the difference between the trade dollar and the silver dollar that had been coined before the act, Senator Sherman said:

> The trade-dollar contains four hundred and twenty grains of standard silver. The dollar of the law contains four hundred and twelve and one-half grains of silver. The subsidiary coinage contains three hundred and eighty-five grains in two half dollars. The trade-dollar was a dollar coined simply for the benefit of merchants in the foreign trade to compete with the Mexican dollar, which was a more valuable dollar than our legal-tender dollar. Now the result is, as silver has declined below the standard of gold, far below its former value, that private persons carry their silver bullion to the mints, and under the law as it now stands require it to be coined into trade-dollars, and then use them as a legal tender, silver being now depreciated below its legal standard. The other silver coins of the United States are coined at the pleasure of the United States and only for their benefit, and whatever profit is derived from the other coinage is derived by the United States, and not by private individuals. The trade-dollar is issued only as an ar-

ticle of merchandise, as a form of silver bullion, and therefore it ought not to be made a legal tender. Now any profit accruing by the issuing of the trade-dollar goes to private individuals, and thus we lose all our control over our silver coinage. The proposition is so plain that I think further debate is unnecessary.

This process of converting silver bullion into trade-dollars is pushed forward by persons interested in it, and thus the United States are deprived of their control of the silver coinage of the United States. This bill ought to pass immediately. As to the other question (silver as legal tender), it is a much broader question, and is now being considered by the Committee on Finance, and will be reported upon as soon as we are ready.

LEWIS V. BOGY [Mo.].—I think the whole subject had better be brought up, and I cannot see that any great harm can result by this law remaining as it is for a short time longer. If parties who own bullion desire to have it coined into trade-dollars, there can be no harm, and the export of that coin cannot hurt anybody, because it is of no use in this country, not being a legal tender.

SENATOR SHERMAN.—It is a legal tender now.

SENATOR BOGY.—Only to the amount of $5, which is next to nothing at all, and in point of fact amounts to nothing. . I am perfectly satisfied myself that we ought to make silver a legal tender to a larger amount. I do not think that silver should be made a legal tender to an amount unlimited as gold is, because, not being as valuable as gold, it would drive gold away; but I am fully impressed with the conviction that the amount of silver which should be made a legal tender ought to be increased to at least $1,000, and in that way we should be doing what is being done in France and other countries where the double standard is maintained. The silver would become the coin of the people, and be used in all small transactions, and gold would be used for banking transactions.

This involves the consideration of the great question as to the relative value of silver and gold. That is a question which has to be examined very carefully and very scientifically. I do not propose to go into that question at all just now; nor am I prepared to say what is the exact proportion; but, admitting that that proportion can be ascertained (as it can be, and ascertained beyond a doubt), I can see no reason why silver should not be made a legal tender, but I can see many reasons why it should be made a legal tender.

SENATOR SARGENT.—The original bill referred to the committee was introduced by myself and provided for a greater legal tender of silver coin. It is a question beset with difficulties, and I do not know that my mind is entirely clear as to the extent to which silver coin should be made a legal tender; but I am very positive upon one proposition, and that is that, if silver coin is a legal tender to any extent, it ought to be within the control of the Government to coin it on its own account. Your silver coin becomes abraded. Who shall redeem it? As it is now, the Government does it on account of the large profit it makes in coining the silver. Obviously, it should do so. But the trade-dollar is without a father; the Government is under no obligation to redeem that. It simply takes bullion of any one, puts it in a certain form, and stamps it, but there is no margin to the Government. It receives the mere cost of that coinage, and cannot be called on to redeem that coin when it become abraded. The question of the abrasion of coin is a very important one to the commercial classes in my State, both as to our silver and our gold coin. Who shall lose the difference between standard and naturally abraded coin? If the holder, he suffers for all abrasions before made by others and by the Government in handling it for years.

That which we are trying to remedy in this matter is a local trouble which has arisen among the people of the Pacific coast. They have in their hand some millions of silver subsidiary coinage, which they have bought of the Government, paying for it its full value in gold. As soon as the trade-dollar came in parties threw their bullion in immense quantities into the mint to have it coined in this trade-dollar form; and thus began depreciating the millions of subsidiary silver coinage which men had paid gold for and were using in all the avocations of life. The result was that complaint came from workmen that they were paid in this depreciated silver coinage; they could not pay their bills with it to the amount of over $5. We are thus finding the effects of a depreciated currency where we have stood for hard currency all the way along.

Of course, if trade-dollars were coined only on Government account and issued at the mints in exchange for gold, that would remedy the difficulty I have mentioned; but merchants could not afford to export them, and the original object would be defeated.

The course of trade will soon relieve the market of trade-dollars, and restore the tone of the money market and the value of subsidiary coin, if this bill is passed. The relief will be easy and natural, by sending trade-dollars abroad to China, provided

the issue for the purpose of circulation among ourselves is stopped. That, after a while, will cure the evil.

SENATOR BOGY.—The trouble on this question I think comes in this way: There is no law now fixing the relative value as between silver and gold. The silver coinage is not uniform. If the coinage of silver was uniform from the dollar down to the five-cent piece of proper standard (which standard of course I am not able to state now), and fixing the value as between silver and gold, there would be no trouble at all. The trouble is, in this case, that we, by the act of 1873—and I think without much consideration, because I have been unable to find much discussion on the subject—demonetized silver entirely excepting to the extent of $5, which really amounts to nothing at all. I think it is the greatest subject that can be discussed by the Senate with reference to the important question of resumption.

All nations are using gold coin at the present day pretty much, excepting France and a few of the southern peoples of Europe, who are using yet the double standard. I say, and am perfectly convinced of the fact that we in this country could most advantageously use silver as coin, provided the relative value as between that and gold is scientifically and justly fixed by law. As a matter of course, the subsidiary coin is depreciated, and persons who are compelled to receive their pay in silver to the extent of $5 do not like to take a coin which is of less purity than the silver dollar. Whenever you have fixed the value as between silver and gold, and fixed that properly, whatever that may be, there can be no flood of silver, because it will be just as good as gold, and yet it is not intrinsically as valuable as gold; and to that extent perhaps it would be wise to limit its legal-tender capacity. It formerly was without limit; and we all remember the day when silver was the coin of this country—I may say entirely—and gold was used as a sort of metallic merchandise. The act of 1873 demonetized silver in this country. We blindly followed the lead of Great Britain, and yet our position is just the reverse of the position of Great Britain.

ROSCOE CONKLING [N. Y.].—Is it true that there is now by law no American dollar; and, if so, is it true that the effect of this bill is to be to make half dollars and quarter dollars the only silver coin which can be used as a legal tender?

SENATOR SHERMAN.—Since the law of 1853 the use of the silver whole dollar has been discontinued and none has been issued.

SENATOR CONKLING.—Is there power to issue it?

SENATOR SHERMAN.—There is no power and has been none.

SENATOR BOGY.—The power to issue existed from 1853 to 1873; but since 1873 I think there has been no power.

SENATOR SHERMAN.—There has been no silver dollar issued since 1853, and my impression is that the law of 1853 did not confer the power to issue it. The Senator thinks it did confer the power; but the law of 1873 cut off the power, in my judgment, if it existed. The dollar was practically dropped from our coinage system for the best possible reason, the same reason that the five-franc piece and the large coins of England have been dropped out of their currency, simply because it is inconvenient in size and form for ordinary coinage and ordinary business.

JOHN P. JONES [Nev,].—Allow me to suggest that the reason the dollar was dropped and that no such silver coin has been coined since 1853 is because silver was at a premium at the then established ratio of gold, and nobody had any inducement to coin the silver dollar at that time. The law, however, authorized the coinage of the silver dollar then, and it was never demonetized until February, 1873; but it needed no law to prevent people from coining such a dollar for use in business, when there was another dollar to be got 3 or 4 per cent. cheaper. The people did in 1853 and up to 1873 have an option that if gold should become dearer they could fall back again on the silver dollar. In 1873 that privilege was taken away.

While I am in favor absolutely of monetizing silver, while I am in favor of the double standard, yet I think it would be the height of wisdom to pass this measure, in order that the business of the Pacific coast may not be disturbed until such relation can be established and until we shall ordain some law here that gold and silver shall pass concurrently. This is absolutely needed on that coast because it is impossible to do business at present either on the one basis or on the other. The subsidiary coins issued by the Government will pass if the privilege to private citizens to take their silver to the mint and have it coined is taken away, or at least if the legal-tender clause in the bill authorizing it is taken away. Then the subsidiary coin will pass on a parity with gold, and hereafter on another occasion it will be time enough to introduce bills, and advocate them, restoring the silver dollar and declaring the double standard.

SENATOR BOGY.—There could be no rise in silver if you established the relative value by law based on a certain purity of coinage.

SENATOR JONES.—On the contrary, under the double standard in France three times in fifty years did the relative value of

gold and silver change. Why? Because the legal-tender value of gold in the country was greater than its bullion value, and therefore silver went out and *vice versa*.

SENATOR BOGY.—That was owing to the fact that the legal-tender capacity was changed.

SENATOR JONES.—Not at all. No legal-tender capacity was changed at all. The market value of bullion changed because of the great expense and the great time necessary for subsidiary coinage where the subsidiary metal was a little debased and the issue limited. Nobody would pay a gold dollar for two silver half dollars if they would not buy gold again.

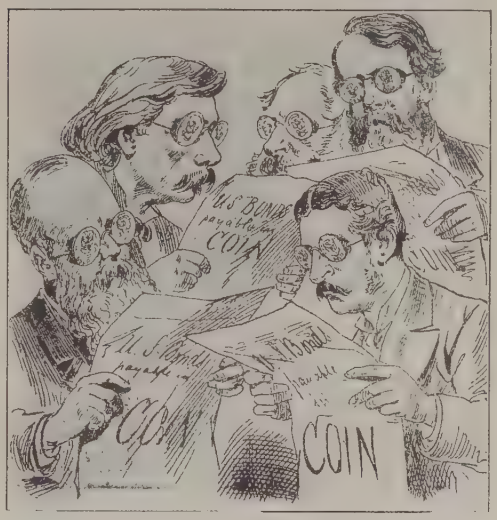
SENATOR BOGY.—There is no difference to-day in France between gold and silver taken at the value fixed by law. The trouble here heretofore has been under the act of 1853 that we had fixed a lower standard than France for silver, and the consequence was silver went to France. By the act of 1853 there was no limit to the coinage of silver dollars. There were none coined in point of fact, but the law did authorize the coinage of silver dollars until 1873. Now there is no law authorizing the coinage of silver dollars, except it be the trade dollar.

The bill was recommitted. On April 20 Senator Sherman reported it back with the amendment that the lawful dollar (412.8 grains) be recoined and made legal tender for a maximum of $20, except for customs duties and interest on the public debt. The Secretary of the Treasury was authorized to receive the dollars for an equal amount of United States notes, and to retire and cancel these, holding them to be a part of the sinking fund. Owners of silver bullion could deposit it at the mint at the market price, to be paid in silver, gold, or United States notes.

Senator Bogy moved to amend the bill by making the lawful dollar legal tender without any limitation as to amount or exception as to receivability for customs or bond interest, and fixing "the relative value between gold and silver of lawful standard at 15.5 to 1."

I am fully aware of the state of public opinion on this subject at this time, and particularly in one section of the country, and I am not unaware that I shall subject myself to a great deal of unkind animadversion for proposing this amendment to the committee's bill.

I am fully aware also of the fact that there is a very large, numerous, and influential class who believe not only that gold should be the only legal standard, but that it is our duty to pay



THE NEW YORK MORNING PRESS

Dana, Reid, Jones and the rest speak—"What spectacles we must make of ourselves! I can't see a thing but gold."

From the collection of the New York Public Library

our public debt in nothing else, and that any proposition which looks to a payment of this public debt in silver is a violation of the plighted faith. Believing that silver is a legal tender under the Constitution, and that its introduction into the money system of this country will lead to most beneficial results, I feel it my duty to impress these views on the Senate and the country.

What should be a legal tender in the payment of debts both public and private is one of the most interesting and also one

of the most important questions in the whole range of political science. It is interesting because it is identified with the history of the human race from the very earliest ages. It is important because it lies at the foundation of all national prosperity. And interesting as it is, and important as it is, yet it is still more so in this country than in any other, and at this time more than at any other period. When we consider the want of prosperity over the whole land, and the shrinkage of values both real and personal everywhere, manufactures stopped, all enterprises suspended, labor unemployed, a scarcity of money felt by every class except one, any proposition which can infuse life and activity in this sad condition of affairs may well be recognized as of the very greatest importance.

While I am willing to admit that the sad condition of the country is not the result alone of our vicious monetary system, but brought about by many well-known causes, nevertheless it is the most important and controlling of all the causes. I believe that the rapid coinage of silver of the proper standard and the making of it a legal tender for all sums in payment and in fulfillment of all contracts, private and public, and quickly and rapidly putting it into circulation, would soon have the effect of infusing new life and activity into the business of the entire country. I furthermore believe that, unless this be done and the resumption law of January 14, 1875, remains unrepealed, the business condition of the country will go on from bad to worse. But, on the other hand, if silver be coined as rapidly as it can be accomplished at the different mints of the United States, and be made a legal tender equal to gold, resumption will be effected easily and permanently, and a feeling of security and confidence will at once be created, which of itself would soon lead to a revival of business in every department.

Senator Bogy then discussed the constitutional aspect of the question.

Under our Constitution, in spite of the effort which has been made to change it, silver is yet a precious metal and as fully recognized as gold. Under its sanction it must remain a legal tender, and no power exists in the Federal Government nor in the States to prevent this from being so. The legislation of the Federal Government has until a very recent period always recognized silver and gold as the metals constituting the coin of the nation. There are but two provisions in the Constitution of the United States relating to money. Section 8, article 1, says:

> Congress shall have power . . . to coin money, regulate the value thereof and of foreign coin.

Section 10 of the same article says:

> No State shall . . . coin money; emit bills of credit; make anything but gold and silver coin a tender in payment of debts.

While this latter section is a restriction of the power of the States, it is equally a recognition of power in them to make gold and silver a tender, in the payment of debts. The power to coin was granted to Congress, but the power to say what should be a legal tender was reserved to the States. Nor could it be otherwise, in accordance with the theory of the Constitution, for the power to regulate and to enforce private contracts belongs to the States alone and, this being in the States and not in Congress, upon them necessarily was imposed the duty to prescribe what should be a legal tender. The Constitution restricted this to silver and gold; but the power was in the States nevertheless. In that way, and in no other way, gold and silver are made the metals of the Constitution, because nothing else can be made a legal tender by the States.

If the Constitution had said "gold or silver" it would have been competent for the States to have made one or the other, or both.

At the time that our Constitution was formed, in 1787, the usage of all the nations of Europe conformed to what I have stated. Gold and silver had become more important at that time than for centuries before—the New World had been discovered—the mines of South America and Mexico yielding millions of both. No nation had an exclusive gold standard, but many had the exclusive silver.

The first nation to make gold the exclusive standard was England in 1816. The others have done so since, and have blindly followed her lead. The practice of the Government has conformed to the letter of the Constitution without any departure whatsoever till the act of February, 1873. Up to that time both metals stood exactly on the same footing. Both were legal tenders, and the relation between the two was fixed by law. This act was passed without discussion in or out of Congress.

Up to 1853 all the silver coin was a legal tender for any amount, as unrestricted as gold. The legal ratio of silver to gold was 16 to 1. I propose in the amendment which I have offered to make it 15½ to 1 for reasons which I shall hereafter give. This ratio caused the exportation of silver from this coun-

try to France, where the relative value was 15½ to 1. To remedy this the act of 1853 was passed, which reduced the half dollar and smaller pieces to the condition of token coins by a depreciation of a little less than 8 per cent. The old standard dollar of 1792 (the same intended to be reinstated by this bill) remained the same, but was practically suppressed, because no longer coined at the mint; yet there was no law preventing the coinage.

Silver of all denominations coined previously remained a legal tender. That is, the old standard dollar, the old half dollars, and the old quarters, coined prior to 1853, remained legal tenders, and so continued till the acts of February 12, 1873, which constituted the gold dollar piece the unit of value and restricted the legal tender of silver to $5. It was then, and not before, that the double standard of gold and silver, which had existed from the very beginning of the Government, was abolished.

I desire this point to be well understood, as I shall argue, later on, that the public debt, including those parts affected by the law regulating payment of duties and the law regulating sinking fund, which were passed before 1873, is payable in gold and in silver. To continue to pay our bonds in gold exclusively is a most oppressive and unjust system, calculated to increase the burdens of the public, and is ruinous to the people, whose means of payment are restricted to one metal, while at the time the contract was made there were two, and while it is oppressive upon one portion it is greatly beneficial and advantageous to another.

It cannot be doubted, under the power reserved to the States under the tenth section of the first article of the Constitution, that each one can provide by law that gold and silver shall be a legal tender in payment of debts within its territorial limits. If each State has this power all can do the same thing. This being so, what becomes of the Federal law which says that silver shall no longer be a legal tender? Can they be controlled in the exercise of this power? And, if they cannot, the act of 1873, passed without discussion in either House and by way of amendment to another bill, and the act in the Revised Statutes are unconstitutional. The power to coin being in the Federal Government gives to it great control over the action of the States. If no silver was coined there would be none for the States to use in the way of a tender. In that way it has great power and control over this question. By the eighth section of the first article power is given to Congress to regulate the value of foreign coin; but, if it fails to exercise this power, cannot the States exercise it for themselves?

Reflection and study have satisfied me that the positions here taken are correct, and that our legislation on this subject is and has been unconstitutional. Congress cannot say that gold alone shall be a legal tender as between private individuals.

In 1791 Hamilton, being then Secretary of the Treasury, made a very elaborate report to Congress on the subject of a mint, and, like everything else from this remarkable man, it is very able. The question of the double standard was examined. He says:

> To annul the use of either of the metals as money is to abridge the quantity of the circulating medium of the world, and is liable to all the objections which arise from a comparison of the benefits of a full with the evils of a scanty circulation.

Jefferson was one of his colleagues in the Cabinet of Washington. This report was sent to him. He returned it, and wrote as follows:

> I return you the report of the mint. I concur with you that the unit must stand upon both metals.

This was recognizing what really was the settled policy of mankind in all ages, in all countries, and particularly at that period, and which continued to be our policy until 1873.

It is believed by statisticans that the quantity of gold and silver in the world is about equally divided, and the total quantity, according to Dr. H. R. Linderman, director of the mint, is from ten to twelve thousand millions.

The power of money is in the inverse proportion to its quantity. Where it is abundant interest is low, and where scarce it is higher; and those nations to-day (excepting our own) who are in favor of the single standard of gold are so because it is to their interest, being the creditor nations.

It is supposed that the public debt of all the different nationalities amounts to about $20,000,000,000, and one half or perhaps more of this is held by England and Germany, and of this amount we unfortunately owe a large portion. If these two creditor nations can in any way appreciate the value of gold by demonetizing silver is it not their interest to do so? Would not their wealth thereby be greatly increased? England saw this as early as 1816. Although yet in the condition of bank suspension it was already buying the bonds of all the states of Europe that were being resuscitated from the prostrate condition

in which they had been during the Napoleonic wars. The Rothschilds established themselves in London; the Baring Brothers, and other great banking houses, became the buyers of the bonds thrown then on the market, thick as the leaves of Vallombrosa. Germany at that time had an immense amount of silver coin and retained it until a very recent day. But recently, intoxicated by its victories over the French people, and no doubt greatly influenced by English diplomacy, it also established the single standard. But, however wise it may have been for her as a creditor nation to do this, the attempt has been expensive indeed. From being in a flourishing and prosperous condition the act of demonetization has brought her to a condition of widespread bankruptcy, and now it is reported that this subject will be reconsidered and that she will go back to the double standard. The great mass of her people are not bondholders, and it is ruinous to them to demonetize three hundred and fifty millions of silver coin.

It was believed the nations having the double standard would buy this silver. But the statesmen of France saw this and at once a union was formed with Belgium and Italy to refuse to buy this old coin. The result has been that silver has depreciated greatly and German coin has found no market. Silver to-day is quoted low. While there are several reasons for this, the most important is the fact of the large quantity withdrawn from the channels of trade as money and thrown on the market as bullion.

I will read from the report made by Dr. Linderman in 1873-74:

> The gradual adoption of the gold standard, and consequent demonetization of silver, will, of course, be followed by an increase in the value of gold, or, what is the same thing, a decrease in the price of articles measured by it.

Apply this idea to the two classes contending in this world, the rich and the poor, the capitalist and the laboring man, and judge what will be the result if you have only one standard.

> It is true that the mines of the world produce annually about one hundred millions of gold; but in considering this as a stock to be drawn upon for coinage, it must be remembered that the consumption of gold in the arts has largely increased during the last twenty-three years, and now approximates to about twenty-five millions per annum.
>
> Countries, however wealthy and prosperous, cannot, even with the aid of bills of exchange, maintain an exclusively metallic currency, and the use of paper money as an auxiliary to and convertible into coin is more likely

> to increase than diminish in the future. A more extensive use of subsidiary coin than heretofore is also probable.

Report of 1874-75:

> The present period has been one of unparalleled activity and progress, and the utilization of steam and electricity in the intercourse of nations and the great extension of international credits have effected a complete revolution in the commerce of the world. These important changes have not, however, enabled the world to dispense with the precious metals as the common measure of value and medium of exchange. On the contrary, those metals remain, in that respect, the same as they were at the commencement of authentic history: the only money of universal recognition and unlimited acceptance.

Report for year ending June 30, 1875:

> The principal money markets of the world have been occasionally disturbed during the last three years, and the margin of the exchanges has been such as to afford a wide field for speculation. In seeking for the causes of these disturbances, it would appear, at first glance, that the supply of gold is unequal to the legitimate demands of the rapidly increasing commerce of the world. A careful examination of the subject, however, will show that the monetary troubles have not been caused by insufficient supplies of gold, but by its having been withheld in large sums from circulation, *and the diminished use of silver as money.*
>
> The question of returning to a specie basis is receiving general and earnest consideration, and certain well-settled principles and facts in connection with the subject of money and the monetary system of this country may with propriety be briefly referred to.
>
> A money standard subject to as little variation as possible, and by which values may be computed, exchanges effected, and contracts fulfilled with uniformity and equity, has long been regarded as a necessity by every well-regulated government.
>
> The experience of nations has proved the *precious metals*, and particularly *gold*, to be the least variable as a monetary standard and the best adapted for a circulating medium of all known substances; their peculiar properties, and particularly those of easy manipulation and resistance to the elements and agencies which either destroy or injuriously affect other metals and substances, rendering them eminently adapted for this service.
>
> No material or substance not of intrinsic value, and comparatively imperishable, is suitable for a circulating medium and permanent standard of value. The value of the precious metals depends, as in the case of all other commodities, on certain inherent qualities and the cost of production. By value is meant the rate in the legal money-terms of a nation or government at which labor and property of all kinds are exchanged one for another. A given weight of gold or silver, unlike all other things, has a fixed value by law in the legal money-terms of all countries, and this peculiarity contributes greatly to maintain uniformity in their value.
>
> The units of the money of account of all countries associated in modern civilization were originally based on or declared by law to be represented by a certain weight of pure metal in the form of coins, and the latter made a legal tender without limit.

The quantity of pure metal representing the ideal unit of the money of account, once being fixed by law, becomes the basis of exchange and measure of contracts, and its steady maintenance has always been regarded by the most enlightened statesmen and eminent writers on finance as an imperative duty of governments.

The precious metals being the real basis of all well-regulated money systems, no one commercial country can even temporarily depart from such without subjecting itself to serious evils.

Without dwelling at any greater length on the reports of Dr. Linderman it would appear that, although he does not recommend the double standard, his arguments tend to prove its absolute necessity.

All the obligations of the Government issued prior and up to 1873, payable in coin, can be paid in silver as well as in gold. The act of March 18, 1869, recognizes in words silver as well as gold. I have no doubt the act was drawn by my distinguished friend from Ohio [Mr. Sherman], for he was at that time, as he is now, the able head of the Committee on Finance, and I would suppose naturally that he drew this act himself.

This act shows that at the time the minds of those Senators who voted for it understood the obligation to be payable in silver as well as with gold; and, if my friend from Ohio drew it, he himself thereby admitted that we could discharge our obligations with silver as well as with gold. There is no room to escape; the conclusion is inevitable.

If we look at all those acts from the first to the last we will find they all provide for payment in coin. Since 1873, however, we have made our bonds payable in gold.

It is proper to notice an argument which is advanced to refute the position that our bonds, being payable in coin, can be paid with silver. It is said by the act of 1853 silver was demonetized and was no longer a legal tender; and therefore in 1862 and the years following, when we obligated ourselves to pay coin, we could not have meant silver, it being demonetized and no longer a coin recognized by law. But the fact is not so. The act of 1853 did not in the least demonetize silver. It only provided for the issue of a subsidiary coin of a lower value, so as to prevent its exportation abroad. That subsidiary coin was only made a legal tender to the amount of $5. The old silver dollar and halves and quarters remained good legal tenders, and, with gold, constituted the legal coin of the nation.

Up to 1873 it does not appear that any one in this country ever advanced the idea that it was competent for Congress to demonetize silver. The law of 1873 was surreptitiously interjected into a bill pending at that time before the Senate in re-

lation to the mint. The effect of this amendment, apparently so small, has been most disastrous to the prosperity of this country. Gold has been at a high premium from that day to this.

Now, after all this, can we retrace our steps and make silver coin a legal tender, as the letter of the Constitution undoubtedly provides? Would it be wise to introduce the double standard coin as a part of our monetary system? If it is to be understood by a double standard that there would be two measures of value I would deplore its introduction; but this is not so. There would be but one measure. It would not be gold nor silver, but it would be the two; these two composing the coin of the nation.

The relative value of the two becomes of very great importance. We had it once at 16 for 1. It had been 15 to 1 before, which was an error. To remedy this it was fixed at 16 to 1, which, from what we can now see, we think was also an error. It should have been 15½ to 1.

This is an international commercial question. England, Germany, and France, the great commercial nations of Europe, have fixed the relation at 15½ to 1. That being so, we cannot err at fixing it ourselves at the same ratio. As to the Asiatic trade and that of the Indies, different conditions exist, which do not apply to the European nations. And, as it has been fixed at 15½ to 1 in Europe, I would fix it at that for this country. It is true that there is at times a slight variation in the commercial value of the two metals. Sometimes gold is slightly up and sometimes it is silver, but the difference has been so little for two hundred years as to amount to nothing of importance.

It is said that, the production of silver being on the increase, if we make it a legal tender, the danger is that in a short time there will be a great glut of it in this country. To this I answer that the amount we produce of both is about equal, being about $40,000,000 of each. While the total production of gold is greater than that of silver, it is diminishing, while the other is increasing. In the future perhaps gold will diminish yet more rapidly, and silver is likely to increase. We have 40,000,000 of people. If the silver coinage could be increased to the amount of $400,000,000 it would give a circulation of only $10 per head. The Senator from Ohio stated the other day that to pay our debt with it would be a violation of public faith and would impair our credit. While I would not wantonly injure our credit, yet I am not willing to allow our creditors to be the exclusive judges. There are always two parties to all contracts, and if we did not promise gold our creditors have no right to construe the contract so as to make it so.

It is again said that if we make silver the standard gold will go from this country, and in a very short time we will have nothing but silver. That may be true. And it may be true, also, that it might be well to demonetize gold, as has been done in Holland, and make this the great silver nation of the world. We have no new fields where gold can be obtained, but many new ones of silver are being discovered every day. We have reason to believe that the deposits of silver in our country are vast and inexhaustible. With the limited gold supply and the large demand that exists now and must continue to exist hereafter, and for years to come, I do not see how we can continue to pay our obligations in gold. We lost by exportation $25,000,000 last year, and from all I can learn the amount will be larger this year. And at this rate how long will the amount we have be able to supply this demand? In six years it will be exhausted.

There is no one so blind as not to see that the present tendency is to centralization of capital and concentration in large cities. This is effected at the expense of the great mass of mankind. It seems to me the part of wisdom and true statesmanship is to prevent the unnatural concentration of wealth in the few at the expense of the many.

I have heard many superficial arguments advanced by persons who have thought but very little on this subject against the use of silver as coin. I am yet to hear the first good solid reason in opposition to it. We have blindly followed the lead of England, and have sacrificed the interests of the debtor class to the other and wealthier class. We have, in my opinion, at this time the finest opportunity ever presented to a nation to establish a system of our own, based not alone upon silver, but upon both metals. The day is not far distant when every nation, including England, will have to go back to the silver and gold standard. It must be so. The gold production is not increasing in proportion with the expansion and augmentation of commerce. Hence the necessity in all commercial nations to issue a large quantity of paper money as a substitute. It would be better and wiser to introduce a larger portion of silver and less of paper money.

As I view this question it is not one between silver and gold, but between gold and paper, and this paper not convertible; for with a scarcity of coin you will not be able to redeem the vast amount of paper which the necessities of mankind and of commerce require. The only way to make paper answer the purposes for which it is designed is to increase the means of its redemption by increasing the coin, and this can be done only

by making silver a legal tender. To return to a metallic currency, or to a currency convertible into metal as we are trying to do, while we reduce the precious metals by one half, strikes me indeed as being most absurd. Let the nation rather stand by its silver coinage as the ally and the friend and the coworker of its gold, and in that way make of the two an impregnable money structure on which we may again build a new prosperity unequaled in the history of the past.

On April 24 John P. Jones [Nev.] spoke upon the bill. This speech occupied two days, and, with the ample statistical tables which accompanied it, and were relegated to the printed account in the *Congressional Record*, it furnished a comprehensive economic treatise, not only on the special subject of the demonetization of silver, but also upon the entire question of money.

"The Crime of '73"

Senator Jones

The act of February 12, 1873, which, under the guise of regulating the mints of the United States, practically abolished one of the precious metals, was a grave wrong; a wrong committed no doubt unwittingly, yet no less certainly, in the interest of a few plutocrats in England and in Germany and as certainly in the interest of the entire pagan and barbarian world; a wrong upon the people of the United States and of the whole civilized globe; a wrong upon industry, upon the natural tendency of wealth toward equalization, upon the liberties of peoples which are born out of the effects of such equalization of wealth, upon every aspiration of man which depends for its realization upon the development of those liberties.

The act alluded to practically abolished one of the precious metals as money, the one chiefly produced in this country, the one chiefly consumed in the semi-civilized countries of Asia, and the one which at the date of its abolition and under the time-honored laws that previously prevailed was becoming, as it has since become, the more available metal of the two in which to transact exchanges and liquidate debt.

Ratio of gold to silver

Under the act of April 2, 1792, both silver and gold coins—dollars or their multiples—were made a legal tender in this

country for the payment of debts to any amount, at the rate of 15 in weight of silver to 1 of gold. This coördination of silver and gold is called the double standard. A similar arrangement existed in the other countries of the civilized world; the relation fixed by law in those countries being either 15½ or 16 to 1. A few countries had a single silver standard, but no country, until 1816, had a single gold standard. In this country, up to 1853, the owner of either gold or silver bullion had the right, if the Government chose to coin any money at all, to have his bullion coined free of charge; and once coined it became a legal tender to any amount for the payment of debts, whether the bullion was of gold or silver.

From 1792 until the effects of the discovery of the Russian, the American, and the Australian gold mines were felt—gold was produced in deficit; and by reason of this fact silver, at the legal rate of 15 to 1, was the cheaper metal in which debts could be discharged. Accordingly, silver was used for this purpose in this country to the exclusion of gold, the debtor being at liberty to tender either metal he thought proper. By the act of June 28, 1834, this relation was changed to 16.00215 for 1, and by that of January 18, 1837, to 15.98837 for 1, in both cases substantially 16 for 1, at which figure it stood up to February 12, 1873.

When the great Russian mines threw their auriferous products upon the markets gold became the cheaper metal at the legal relation of, then, substantially 16 for 1; and our silver legal-tender dollar disappeared from circulation. Nevertheless this coin was not abolished, and the privilege of free coinage and the right to tender the silver dollar for debt remained the same as before. The pivotal point of this event was the period of depression which followed the panic of 1837. About the period of 1863-73 another great change in the relative production of the metals occurred, and gold instead of silver was produced inadequately. This occurrence began to operate about the year 1865, when the world's product of gold had attained its maximum. However, this change does not appear to have been felt until some few years afterward, when its influence upon the relative value of the metals was greatly intensified by the threatened demonetization of silver by the German Empire and its partial actual demonetization by other European states. In 1865 the relation of gold to silver in the London market was 1 to 15.33; in 1872 it was 1 to 15.63. This is considered the pivotal point of the change, because the legal relation of gold and silver in most of the countries of Europe was 15.50. In

1874 the London quotation rose to 16.15, and at the present moment it is about 17.60, a relation which shows that the value of gold to silver is about 10 per cent. above that fixed by our law of 1792, as amended by the acts of 1834 and 1837.

THE DOUBLE STANDARD

The double standard, or the legal establishment of a fixed relation between silver and gold at the calculated center of their mutual oscillations, is not the unnatural and one-sided measure which some recent writers have supposed it, but the fulcrum of a just balance whose scales are alternately depressed. Both gold and silver are indispensable, and needed for the coins of the world—gold for large payments, silver for large and small ones; and it will be found that in great commercial countries both gold and silver are needed. Outside of the great bulk of mankind who use either one or both of those metals for money, there is a small number on the one side who are too poor even to use silver, and a small number on the other who are too rich even to use gold. The very poor employ copper; the very rich paper notes and checks. In both of these cases the substitutes for gold or silver are not real money, but representatives. Copper coins are never of full weight, and are called tokens; paper instruments are intrinsically worthless, and are merely promises, direct or remote, to pay money of gold or silver. To the mass of mankind gold and silver are both indispensable for the purpose of exchange, and these two metals constitute the money of the world.

Were their quantitative relation unknown or changing always in one direction—for example, was silver always becoming cheaper or gold dearer—a double standard would prove inconvenient. But such is not the fact. The relation of these metals to one another for many centuries has been very constant, the pivotal point being 15½, and the oscillations—until within the past year, and chiefly in consequence of the demonetization of silver in Germany—quite inconsiderable. This constancy of relation is due to the stock of precious metals already in the world, to the proportion of gold to silver needed for the world's convenience, to the vicissitudes of production, to the occurrence of gold and silver in the same ore matrices, and to other physical circumstances which will be adverted to hereafter.

In case no such amendments had been made to the bill now before the Senate, as have been offered by the Senator from Missouri, it was my intention to offer a simple amendment to

restore the double standard of the United States, and to base its system of money upon the money of the world, upon which it is now not based. To accomplish this object it was suggested that I might, with, perhaps, greater assurance of success, attempt it by the same indirection which practically destroyed the double standard. But the wrong which has been done can never be fully undone by indirection. The undoing must be as open and explicit as the doing was indirect and implied.

I will summarize in the beginning of my speech what I propose to say on this subject.

First. I propose to set forth the function and nature of money, the various substances which have been used for money, and the characteristics which during fifty centuries of trials have induced the precious metals as a duality to be always resorted to for this purpose throughout the world.

Second. I propose to show that the use of money and the preference of the precious metals for money were both natural and voluntary acts, not due to law or edict, and that, therefore, money is of right, and ought to be, free and untrammeled by any regulations except of a kind specified.

Third. I propose to trace the stock of the precious metals in the world from the earliest period for which we have authentic data, to show its mutations down to the present time, and the political, industrial, and social phenomena which accompanied those mutations. From this review I expect to be able to show that the world's stock of specie, which is now of great magnitude, consists nearly one half of silver; that any diminution or disuse of such stock, whether resulting from failure of the mines or arbitrary legislation, is fraught with the greatest disasters which can befall society; and that, therefore, the two measures to which our country is committed by existing laws, viz.: resumption in specie, combined with demonetization of silver, are likely, if attempted to be enforced, to end in distress and defeat.

Fourth. Therefore one of these measures will have to be abandoned, and that one is the demonetization of silver. In other words, we shall have to restore the double standard of gold and silver which existed from 1792 to 1873.

Fifth. I next review the relative value of gold and silver from the earliest times to the present, and show how constant that relation has been, particularly since the discovery of America and the opening of the East India and China trades, since which time and up to 1873 it scarcely varied from its pivotal point of 15½ to 1. The sources of this long-continued

constancy of relation are then examined, and in their nature is found strong assurance that the relation will continue to be constant in the future.

Sixth. The principal and almost only cause of aberration in this relation is found to be the various edicts or enactments which in various countries and at various times have interfered with the freedom of money. Prominent among these were the demonetization of silver in England in 1816, the monetary treaty of the five powers in 1865, the demonetization act of the United States in 1873, and the pending measures of the German government. These various measures are adverted to and condemned as mischievous interferences with trade.

Seventh. The impracticability of abolishing the double standard is greatly strengthened by reference to the annual supplies of gold and silver separately since the beginning of the present century. From this reference it appears that the supplies of gold to the world have fluctuated between $5,000,000 and $182,000,000 per annum; that the supply has been diminishing since 1852, and that it is at the present time insufficient to meet the demands of the world for that metal for use in the arts and to keep good the wear and loss of coin. On the other hand, the annual supplies of silver have always been steady, and are now but little above the average. Moreover, it is shown that gold is essentially a British product, while silver is essentially American.

Eighth. I then propose to show the impossibility of resuming specie payments in gold, the disadvantages and danger of attempting to demonetize silver, the impracticability of demonetizing it permanently, and to discuss the various objections that have been urged against remonetization.

Ninth. I shall also endeavor to show that the effect of remonetizing silver, or rehabilitating the double standard, will be to equalize more nearly the values of the metals, so as to restore or tend to restore the relation that has hitherto, up to within a late date, existed between them for three centuries, and to afford a great impetus to the industrial and commercial prosperity of this country.

Tenth. I shall next endeavor to show that both gold and silver together at a relation fixed by law is the constitutional money of this country, and that all acts of legislation intended to subvert this institution are illegal and void.

Eleventh, and finally. I will quote the authority of the most eminent legislators and publicists in favor of the double standard.

For the support of these propositions the reader is referred to the speech of Senator Jones given on page 67 of the Appendix to the *Congressional Record,* session of 1875-6.

Senator Jones said in conclusion:

I have done. For the patience and attention with which Senators have listened to an exposition unusually lengthy and somewhat tedious I thank them, and can only plead the transcendent importance of the subject.

There is yet time to undo the work of 1873, to correct the grave blunder perpetrated by the mint act of that year, in interdicting the American silver dollar and substituting the single standard of gold for the money of the Constitution. The disastrous effects which, in my opinion, are bound to flow from this attenuation of the standard and the basis of prices and credit are not yet felt because of the existing suspension of specie payments; but so soon as specie payments are resumed—if indeed they can ever be resumed without the restoration and coördination of silver in the standard—will the bad effects of this legislation develop themselves and make their mark upon the affairs of the country. It may then be too late to reform.

The present is therefore the acceptable time to undo the unwitting and inconsiderate work of 1873, and to render our legislation upon the subject of money consistent with the physical facts concerning the stock and supply of the precious metals throughout the world and conformable to the Constitution of the country.

We cannot, we dare not, avoid speedy action upon this subject. Not only do reason, justice, and authority unite in urging us to retrace our steps, but the organic law commands us to do so, and the presence of peril enjoins what the law commands. By idly interfering with the standard of the country Congress has led the nation away from the realms of prosperity and thrust it beyond the boundaries of safety. To refuse to replace it upon former vantage ground would be to incur a responsibility and deserve a reproach greater than that which men have ever before felt themselves able to bear.

Senator Sherman replied to the criticisms made by Senator Jones in regard to the act of 1873.

I wish to correct a misapprehension into which the Senator fell in regard to the terms of the act of 1873. Perhaps there is

no law on the statute book that received more thorough consideration. That act was first introduced from the Treasury Department in January, I think, 1870, more than three years before it passed. It was discussed at some length in the Senate; was then printed and sent all over the country to every person who was familiar with the subject, especially to California, to Nevada, the mint at Philadelphia, and largely to Europe; and it was thoroughly examined. It came back, and in the following session, that is, the session of 1870 and 1871, it passed the Senate of the United States. Subsequently the bill failed in the House for want of time in that Congress. At the next session, however, it was introduced in the House of Representatives. It was there discussed, and finally passed the House of Representatives and came to the Senate, the same bill in effect that had previously passed the Senate of the United States. In the Senate it was again examined, rediscussed, considered, and passed. So that this bill really was pending in Congress nearly four years, and it was discussed in every stage of its progress. It was examined by experts not only in this country, but in Europe. It was prepared at the Treasury Department, and largely prepared by Mr. Patterson, of Philadelphia, who is now, probably, the most eminent authority in this country on the subject, and by Dr. Linderman, and others. It was submitted to all classes, and especially to persons living in California and other parts of the country interested in the production of gold and silver.

There is another thing to which I wish to call attention. The act of 1873 did not make any essential change in the then existing law. The only change of importance in the previous law made by the act of 1873 was made at the request of the interests in California. That is, the trade-dollar was introduced as a mercantile dollar to enable them to send in a convenient form the production of silver in this country to China.

My honorable friend from Nevada in his long and carefully prepared speech has gone upon the idea that the act of 1873 in some way demonetized silver. What I have stated shows that it did not in the slightest degree demonetize silver. My friend from Missouri [Mr. Bogy] was perfectly correct in saying that so far as the silver coins were concerned the act of 1873 did not have the slightest effect upon them. But, on the other hand, the act of 1853 did adopt the system of what is called a subsidiary coinage of silver; that is, it made the coinage of silver subsidiary to gold. It provided for a gold coinage, and made the silver coinage of fifty-cent pieces, twenty-five-cent pieces,

ten-cent pieces, etc., called subsidiary coins, and demonetized those by reducing them to about 6 per cent. below the legal relative value of sixteen to one; and if there is any law to complain of on the statute books of the United States it is the law of 1853, in that respect.

SENATOR BOGY.—That did not demonetize silver, nor did the act of 1873.

SENATOR SHERMAN.—But there is another thing to be remembered. The right to coin the silver dollar, which is now proposed to be authorized again, has always existed in this country, has never been taken away. It is the legal dollar to-day, and the silver dollars that are now outstanding, if there are any, and I suppose there are not many, are a legal tender for all amounts. The act of 1873 simply leaves the old dollar where the law of 1853 left it. It says nothing about it.

JOHN A. LOGAN [Ill.].—What was the effect of this act? The very moment you deprived the Government of the United States of the right of coining the silver dollar, which was a legal tender for all amounts, it being in value more than the gold dollar, the effect was that every silver dollar was bought up at once and smelted or put into the pot. As soon as those dollars went out of use the effect of that statute was just the same as if it had declared that the silver dollar should not be a legal tender for any amount whatever.

SENATOR SHERMAN.—It has been suggested by the Senator from Nevada [Mr. Jones] and perhaps by others that the purpose of this law was to take away from the debtor some advantage of paying in silver rather than in gold. That would be clearly a foolish idea, because at the time the law was passed silver was worth more than gold, and therefore it could not have been passed with any idea of depriving the debtor of a right which he would not have exercised in the then condition of affairs.

GENERAL LOGAN.—The point I was intending to get at was this: Inasmuch as the country and the people have been deprived of the right to pay in silver coin by an act denying the right to coin the silver dollar, it being a legal tender at that time for all amounts, the country will expect that when you restore that silver dollar you let it be a legal tender for all amounts just as it was up to 1873; and it is just and proper that it should. When you restore the silver dollar in this country and give it a place and say its place shall only be for $20, you deprive the people of this country of a right which they enjoyed from 1792 to 1873 and a right of which they have been

deprived in a manner that they know not how. If the silver dollar was a good legal tender in 1873, it ought to be a good legal tender to-day for all amounts, in my judgment. This bill as reported limits the legal-tender quality to $20. So far as I am concerned—and I speak for myself alone—I will vote to strike out the twenty-dollar limit and let the dollar stand as a legal tender, as it did up to 1873, for all amounts.

On June 8 Justin S. Morrill [Vt.] spoke against the bill in its present form as postponing the day of resuming specie payments, and leading away from the gold standard, with the consequent evils of repudiation of our national obligations, depreciation of the currency, etc. Upon the latter point he spoke as follows:

Silver is urged to the front because it is now more abundant and consequently cheaper than gold. So is copper, so is iron, the ancient currency of Sparta, but our country is not yet ready to adopt any metallic standard of money merely because of its abundance. A genuine standard of money best maintains ascendancy by its real value and known stability, of which silver has lost much of the former and can no longer claim the latter.

It is undesirable to place our money in actual use in such a condition as to bear no harmonious relations with that of other nations to which we are bound by the strong ligaments of a large as well as of a constantly increasing commercial intercourse. Our trade silver dollar should satisfy those engaged in commerce with the oriental world, without an extraordinary attempt to hamper that of vastly greater magnitude where gold is indispensable.

Nor will it be wise to degrade our own people to the level of inferior races whose rewards of labor are solely computed in silver, whose genius develops neither agriculture nor manufactures, and whose feeble ambition is unequal to the grasp of commerce. At a season when business of every kind is greatly depressed here and throughout the civilized world, when capital is seeking a bomb-proof shelter from all ventures, distrusting all enterprises, setting nobody at work, and afraid of the public faith of towns, cities, States, and even of nations, it would be extremely unfortunate for us to initiate a policy which may have no other goal than the threatened payment of a large portion of the public debt, not in gold but in either gold or silver, as we shall find most for our interest. Now the scheme embraces only United States notes, but these cannot be properly

held less sacred than any other description of the public debt; and some of those who now most conspicuously favor this scheme do not conceal their earnest desire for its adoption without any reservation whatever.

By the argument of my friend, the distinguished Senator from Nevada, and the statistical tables appended to his speech, it would appear that he regards the circulation of silver as the great panacea for failures in business, for fires, divorces, homicides, suicides, and other crimes. I respectfully suggest that this may be advertising rather more than any certificates of cure will be likely to support; and the fact that paper has been the only currency in circulation for the last fifteen years seems to have been overlooked.

No one could hail with more delight than myself any plan by which our public burdens could be honestly diminished, but no plan of using depreciated silver as the instrument of such a diminution at the expense of the slightest stain upon our honor and good faith ought to receive any countenance from the American Congress. We have invited the world to look at us upon our centennial anniversary, and shall we ask the vast crowd that comes at our bidding to make a note of the art and skill with which it has been proposed to scale a part of the public debt by the issue of a cheaper legal tender? A double standard might offer too great temptation—buying in one and paying in the other, as our visitors would think—for double dealing. The public credit is sensitive to the slightest touch of the law-making power, and we cannot afford to give a hint to all the holders of our public securities that, if they would save 10 or 15 per cent. of their investments, now is the time to unload. No greater financial disaster could befall all parts of our country than a panic arising from even a remote threat of paying off any portion of the public debt in silver. This bill, to be sure, only goes now to the extent of making it a legal tender for all dues to the Government, except customs, and to the extent of $20 between individuals; but the arguments brought forth in support of the step would justify the major proposition of removing all restrictions, its main spokesmen proclaim it, and the policy once begun, as it is here proposed, would not be likely to leave the Government any other sufficient available resource. We might continue to pay interest in gold, unless silver should invade the custom-house, but when it came to the principal it would be silver or nothing. For ten years we have been striving to obtain some substantial alleviation of the public burdens by the process of funding the public debt at a lower rate of interest, but this

sound policy will be ended from the moment we accept the policy of a double legal-tender standard, and the public debt of the United States will no longer be fundable at 4½ per cent. or even 5 per cent. Our credit might not perhaps be classed with that of the Khedive of Egypt or the Sultan of Turkey, but it would no longer approximate to the highest rank among nations.

Ready as I am to restore to circulation a legitimate share of silver upon almost any terms, I cannot aid in giving it a monopoly of the whole field, and believe it to be my duty, as I trust others upon a careful examination will find it to be their duty, to urge some radical amendments if the bill shall be pressed to a final vote. To me it is of little consequence, but it is to be measured by its possible results upon future generations. May I not appeal to the good sense of Senators, to their broadest patriotism and sober second thought, to see to it that the bill shall here be so shaped as to bring no reproach upon American statesmanship and no prejudice to the future prosperous career of our country?

Newton Booth [Cal.] replied partially to Senator Jones. As a sound system of currency he proposed the "interconvertible bond."

I confess I fail to perceive the important consequences which were attributed by the Senator from Nevada to the omission to provide for the coinage of the silver dollar in 1873. If he be right, the Congress of the United States, like Atlas, bears the world on its shoulders.

I believe I have a high appreciation of the responsibilities of public office, but I have always consoled myself with the reflection that the mighty stream of human life and activity would flow on in its great channel despite any accidental mistake of ours.

Why, sir, the whole silver coinage of the United States mints from 1821 to 1873 was less than $140,000,000. For more than twenty years the silver dollar had not been in use in the United States and was not known outside the collections of curious coins. To say that the value of silver and the monetary market throughout the world and the conditions of all values and all contracts was disturbed by an omission to provide for doing that which we had long ceased to do, may be true to that faculty, the imagination, which can construct the known out of the unknown, but is at least doubtful to the understanding, which can

reason only upon facts. And, sir, if we had authorized its coinage from that day to the first day of this month, the only use we could have put it to would have been to receive it for customs and pay our funded debt.

The Senator's theory, if I correctly understand, is that embraced by the amendments of the Senator from Missouri, which would result in the use of silver alike in place of greenbacks in general business, and of gold in payment of the principal and interest of the funded debt. The plan is not without its advantages. One is it would continue existing contracts substantially upon the same basis on which they were formed. This, however, would be destroyed if the hypothesis of the Senator from Nevada be correct that the value of silver would be enhanced by the new use created for it. Granting it, however, for the moment to the full, what is the advantage in this particular of exchanging one system for another at a large expense, simply for maintaining relations which will be equally maintained under the present system? Is it alleged that the advantage will accrue in that silver will appreciate to the gold value? National notes can be made to do so with far more ease and certainty. Is it argued that we shall get the benefit of the double standard? The true philosophy of the double standard is that the two metals should start with a common unit of value, that their variations might mutually correct each other.

To start with one thirteen degrees below the other is simply to adopt the lower standard and to abandon the only benefit—mutual corrections—which is claimed for the double standard. It is not the "double standard" in any proper sense where all offices of both must from the nature of things be performed by one.

Let us examine for a few moments the theory of substituting silver for gold in the payment of the principal and interest of the funded debt. If we have a right to do this, it is purely technical. At the time when we agreed by law to pay principal and interest in coin gold was cheaper than the silver which it is now proposed to pay, and that was the reason of our election to pay in gold. At that time the silver dollar which we now propose to pay had no existence in fact; it was only a legal possibility, a very "barren ideality," for it had passed out of memory and did not enter into the imagination; it was as obsolete then in fact as it is now in law. The revenues which were set apart for the payment of this debt were collected in gold, for there was no silver with which to pay them, and no one contemplated there would be any. The silver dollar was not so much elim-

inated from the law as it dropped out of it. What shall we gain now by availing ourselves of a technical legal right to pay in silver that which we elected to pay in gold when it was our interest to do so, and which election has determined the market value of our bonds at home and abroad, the price at which they are bought and sold?

We shall scale down our funded debt 13 per cent., say $200,000,000. But, if the argument be correct, that the use of silver for all purposes of money will bring its value on the basis of the proposed coinage to that of gold, then shall we take nothing by our device, *for Banquo we shall have filed our mind.*[1]

What shall we lose? We shall lose the high estimation of public opinion, which is the world's conscience. We shall lose that fine sense of honor which is the soul of credit, and which it is even more profitable to the debtor to observe than to the creditor to exact. In the distinction between a moral obligation and a legal right we shall place ourselves upon the lower plane.

A nation that owes vast sums, and whose policy it is to use its credit at the lowest rate of interest, cannot afford even to seem to seek a temporary advantage by availing itself of a technical right.

By keeping upon the high plane of moral obligation, by maintaining our credit to a nice sense of honor in the forum of the conscience of the public opinion of mankind, we shall not only honor ourselves and our institutions, but we shall receive a temporal reward far exceeding any the tempter can offer. By so doing we shall be able to convert our funded debt into a security (and there is a world of meaning in the word security; it does not mean insecurity), into a security bearing an interest of 3 per cent. per annum. If we begin to palter in a double sense, and keep the word of promise to the ear only, we shall lose the opportunity to save quadruple our questionable gains.

Something has been said of the Shylock spirit of the creditor which exacts the pound of flesh. The phrase is somewhat musty. It is to be remembered that the heroism of Antonio is shown in his willingness to submit to the penalty of his bond as he understood it as well as the rapacity of Shylock in exacting it; and it is only an evidence of a sad tendency in human nature that the rapacity is immortalized, the heroism is forgot. If Antonio had promised to pay ducats—elected to pay gold ducats when that was his rightful advantage, afterward sought to discharge the debt in silver when he found a profit therein, the world's verdict in the case of Shylock *vs.* Antonio would have been dif-

[1] "'For Banquo's issue have I fil'd my mind.'"—Macbeth, iii, 1.

ferent; Portia's legal quibble as *amicus curiæ*[1] would hardly have been justified, her divine appeal for mercy sadly out of place.

Sir, there is one rule of morals which can seldom mislead: in a doubtful question which involves your own interest give the doubt against yourself. The nation which observes this rule will find its reward exceeding great in this world as certainly as the man who does will in the world to come.

I have reached certain conclusions.

First. That the funded debt of the Government should be paid in gold.

Second. That the "double standard" requires at the time of its adoption a common unit of value, and to avail ourselves of its supposed benefits we must increase the silver dollar.

Third. That all forms of currency in use at any given time ought to be equivalent in value.

Fourth. That gold by the common consent of the commercial world is the ultimate standard by which all values are measured.

Fifth. That some form of credit is now and always will be used as money in every civilized commercial country.

Sixth. That with us we ought to use the national credit directly in the form of national notes and not lend it to the banks for that purpose, and that we can and ought as a matter of wise policy to make national notes as good as gold.

It is only the last proposition which I intend further to discuss.

I believe our funded debt can be reduced to the lowest possible rate of interest and United States notes appreciated to the gold standard and maintained there by the use of an interconvertible bond the interest upon which is payable in gold.

What would a man or a corporation do when embarrassed by debt? One thing, certainly: reduce the interest to the lowest possible rate. A nation may use its credit with greater advantage than an individual or corporation. It is perpetual, and the markets of the world are open to it. What species of loan will command the lowest rate of interest? A long loan, on account of its permanence as an investment, and a loan on call, by reason of its convertibility at pleasure. The national bond which would unite these qualities in the highest degree would be perpetual, but convertible at the pleasure of the holder.

The English consol is a perpetual 3 per cent. worth 95 per cent. and practically as steady as gold. The difference between

[1] Friend of the court.

3 and 5 per cent. on our national debt compounded for thirty-five years would pay it off. Visionary as it may appear, that is one effect which I believe can be accomplished by a bond perpetual in terms, interest payable in gold, and convertible at the pleasure of the holder into United States notes.

How can such a bond be put upon the market successfully? By making greenbacks and bank notes now in circulation convertible into it, and when it advances to par in gold redeem with it the outstanding 6 per cents. But if it does not advance to par? All legislation is to some extent experimental, and this will cost nothing; our 5 per cent. loan was offered long before it was all taken.

The great body of our circulating medium consists of greenbacks and bank notes. In what respect is the latter superior to the former? I admit that our present system of free national banking is the best that we have ever had. Perhaps it is the best system of banks of issue that can be devised. It is incomparably better than that which made shinplasters, wild cat, red-dog, and blue-pup familiar and significant names for paper money; when a bank note caught astray over a State line was arrested as a trespasser; when a counterfeit detector and bank-note list were as indispensable to every counting house as a cash book or diary; when exchange on New York could reach 10 per cent. premium in the Western States without an appreciable difference in the solvency of the banks; when a man going from Saint Louis to Boston would pass through as many systems of currency as States, and sometimes find a State system checkered with county lines like a schoolboy's atlas, and his "money of account" in the morning would be of no account in the evening. Our present system is infinitely better, because it is based upon better credit. There is absolute security for the ultimate redemption of national bank notes. Redemption of what? The notes of the United States. It is not the credit of the banks which makes their notes good and gives them uniform value wherever they circulate, but the credit of the Government.

If the present system owes its superiority to the fact that it is based upon the Government credit, why not go one step further and use the Government credit directly in place of lending it at 1 per cent. (out of which the expenses of the Government's connection with banks must be deducted) and paying 5 or 6 per cent.

If one-quarter the thought and attention had been given to improving the national currency which has been devoted to dovetailing into it the bank note and maintaining and reconcil-

ing a system artificially complicated, the greenback would have been at par with gold long ago.

Very seriously, I do believe a 3 per cent. interconvertible gold bond would appreciate to par, carrying the greenback with it with reasonable rapidity and certainty; that it would eventually take up all our bonds; that, as such a security would for many purposes be more valuable at home than abroad, it would be held in larger proportions at home than our present bonds are—large enough to afford an ample basis for any expansion of currency, if any should become necessary.

Under such a system, if more currency were necessary, in place of the circumlocution of lending Government credit to banks, the capital which now organizes banks would take Government bonds to the treasury, get notes for them, with the absolute certainty that when, for any cause, the notes came home, they would find the exact security left in pledge for them. Government promises under all circumstances would be fulfilled to the letter.

In place of accumulating gold in the treasury to redeem, enhancing its value by a large sudden demand, creating an artificial stringency of money—the treasury hoarding gold upon the one hand and the people hoarding currency upon the other to get the gold when the door of the treasury is opened—we should redeem the United States notes with an instrument which would be a draft at sight upon the treasury of the world, an open sesame to the universal cash box.

What an anomaly it is: a 4 per cent. forty-year bond is worth par in gold throughout the civilized world; a United States note is worth 13 per cent. less than gold at home. This anomaly, in my judgment, is owing to our system of banks of issue.

It is urged with plausibility that the interconvertible system would enable operators "for a corner" to retire large amounts of currency from circulation and create an artificial dearth. The objection is more seeming than real. Such operations seldom extend their effects beyond stock gambling. The ease with which the vacuum could be filled under the interconvertible system would greatly prevent the attempt. Every day we should know the exact amount added to or withdrawn from circulation; and this publicity would make a corner almost impossible. We should have a signal bureau to predict a financial storm with infallible accuracy. It would be more easy to create a stringency on the banking plan whenever we reach any system of specie payment by investing in British consols. But is the banking

system so perfect that it can discover so small a flaw as this and call it fatal? Are bank notes subject to no vicissitudes?

While human nature continues as it is, with its thirst for sudden riches, its spirit of speculation, its moral epidemics, its periods of elation and depression, we shall be subject to financial crises at the meeting of ingoing and outgoing tides. Even bank officers are not steel against human emotions or proof against moral epidemics, the excitements of hope and despondency of fear. When revulsions come, as come they will, what can banks do to mitigate them? The danger to banks is from all sides. Their depositors will be clamorous for pay, their note holders for gold, their debtors never so little able to assist them. They must contract from every quarter, add calamity to misfortune, and redouble the ruin which their notes redeemable in gold have made them powerless to withstand. In no American system of banking we have ever had or shall have can any bank in the most prosperous times redeem its obligations except by going into liquidation. Albert Gallatin truly said:

> The bank-note is a direct promise to pay on the part of the maker, with an implied promise never to ask payment on the part of the receiver.

The interconvertible system has been called inflation. Nothing can be further from the truth. Under it no one can put a dollar in circulation without depositing security for a dollar. In that it resembles and has all the advantages of the national bank system. Under the national bank system a bank desiring more currency deposits United States bonds in the treasury, gets currency, and draws interest on the bonds deposited; under the interconvertible system, whoever wants more currency must deposit bonds just as the banker now does, but, unlike the banker, he would draw no interest. Whatever defects are chargeable to the latter system, inflation is not one of them. But, under the banking system, whatever profit there is on circulation is an inducement to inflation; to an unwise expansion of credit. From the very nature of the system of banks of issue expansion and contraction are periodical and ruinous. Banks only issue currency for the sake of the profit on circulation; they will inflate it whenever it can be done with profit, and must contract whenever their safety is menaced. They contribute alike to the excitements of speculative periods and to the depressions which follow.

The idea of farming out to banks the privilege of supplying the people with currency is an absurdity whose enormity is only

concealed by custom. It is reconciled to the habits of men, not to their convictions.

Senator Sherman said that the main questions at issue were:

First. Shall silver coin be exchanged for United States notes as well as for fractional currency? And,

Second. Is it wise to recoin the old silver dollar with a view to exchange it for United States notes?

"DANCE TO YOUR DADDY"

The dear has swallowed the silver dollar (412½ grains) and is reviving

Cartoon by Thomas Nast in "Harper's Weekly"

The bill as reported embodies both propositions. It is purely a *voluntary* process. No one need surrender his notes for coin unless he wishes to do so. We do not take advantage of a public creditor to force upon him silver coin, for we have given him the assurance of positive law that we will on the 1st day of January, 1879, pay all notes or demands against the United States in coin. We cannot, or rather public sentiment will not,

allow us to pay in gold coin sooner. By this bill we authorize the Secretary of the Treasury to the extent of the sinking fund to pay silver coin to the holder of our notes in exchange for them if he demands it. In spite of all that has been said about the depreciation of silver, and of our coin being worth less than United States notes, we know there is an eager demand for silver coin. The long lines of people awaiting their turn at the doors of your custom houses show an anxious desire to surrender your promises for bright, shining coin. The instinct of the people, more wise than the calculations of the broker, assures them that hard money, real money, the result of and the representative of labor, is more desirable than a promise to pay money, and especially a promise that may be broken, changed, evaded, or postponed.

By the law as it stands only fractional currency, one kind of paper money, is redeemable in silver coin. United States notes, although based upon the same promise and of the same or more intrinsic value than fractional currency, because a legal tender for all sums, are not redeemable in silver coin. Therefore fractional currency is this day more valuable than United States notes. Why? Because they can at will be converted into silver coin, and United States notes cannot be. The first effect of the issue of silver coin is to advance the value of fractional currency. In like manner this bill if it passes will advance the value of United States notes. It will be resumption of specie payments in silver. It will tie our promises to pay to the solid basis of a metal which has always been a standard of value, is now, and ever will be, and which can only vary in a comparatively slight degree from the more precious metal which is now and ever will be the highest standard of value.

Now, sir, it is admitted that we are able to pay a portion of our indebtedness. What portion of our debt ought to be annually paid is purely a question of public policy and interest. We have heretofore paid our bonded debt; but this debt is now so valuable that it is worth 18 per cent. more than United States notes and 5 per cent. more than gold. It is therefore manifestly our interest to apply this fund to the payment of United States notes. Upon what ground of honor or interest can we refuse to pay this note now due while we are using large sums to pay bonds not due?

Nor can we refuse to pay silver coin for our notes because it is depreciated compared with gold. That is a question for every holder of our notes. When he demands silver it is idle, yes, it is dishonorable, for you to say, "Oh, we will not pay you silver,

because it is not worth as much as our notes. Wait until 1879 and we will pay you gold." Every market woman in the land knows that the reason for your refusal is false. She may well say she will not trust to your promise to pay gold three years hence when you will not pay silver now when you can.

If this subject was to be decided by considerations of public honor or public faith, no one would question how it would be decided. But I now propose to discuss it upon the basis of interest, upon the narrowest basis of commercial traffic; and by this sordid view, as well as by the more exalted one of public honor and public faith, it is manifest that it is for the interest of the United States now to redeem with silver coin such portion of the notes of the United States as the holders thereof may choose to exchange for such coin.

And, first, it is the cheapest mode in which we can pay our notes. One dollar of the subsidiary silver coin of the United States contains 385.8 grains of standard silver, worth to-day about 84 in gold or 95 in United States notes. It needs no logic to show that the United States makes money by the exchange of this dollar for a United States note; and yet no injury is done to the holder, for the exclusive power of the United States to coin money has imparted to the silver in the coined dollar additional value which makes the holder eager to accept it for his promise dollar. The silver in the dollar provided for in this bill is now of the market value of the United States note, but it is of intrinsic value, and even though the United States note may rise in value the silver dollar will keep pace with it. The Government pays its debt and yet replaces its note with a real dollar which takes the place of the paper dollar in circulation and does not have to be paid when resumption comes.

Not only is payment in silver coin the cheapest mode of paying our notes, but it strengthens us for full resumption in gold. It not only lessens the amount of notes to be maintained at par with gold, but it scatters among the people a large amount of silver coin which, without reserve or aid from the Government, will, from its intrinsic value, maintain itself at par with gold. And this quality of silver coin does not depend upon its being a legal tender, but upon its intrinsic value and its indispensable use among all classes of people for change and for the payment of labor and family supplies. Not less than $2.50 per inhabitant of silver coin of less intrinsic value than ours is maintained at par with gold by Great Britain, France, and Germany. The United States, before the war, maintained at par with gold more than fifty millions of the very silver coin this bill provides for.

No one inquired how much this silver coin cost the United States, but they knew it passed everywhere and was as good anywhere as gold coin. So now, with our increased population and business, it is manifest that seventy-five millions or more of this silver coin could be maintained at par with gold after we reach the full gold standard, and this amount is about as much as could be issued under this bill. The effect of substituting this silver money for that amount of paper money is obvious in appreciating the purchasing power of the remaining mass of paper money. Who does not see that the reduction of the aggregate of paper money to three hundred millions strengthens us for the duty of maintaining it at par with gold?

Sir, silver resumption is better now than gold resumption, for silver money will now circulate with paper money; gold will not. Silver money in intrinsic value is so near that of paper money that it will freely circulate, while gold would at once be hoarded. Even if silver money was of the same intrinsic value as gold, it ought to be put freely into circulation before gold. It must always be the specie of the people, and gold is not. Silver resumption must precede gold resumption. We now but avail ourselves of the present depreciation of silver bullion to prepare the way for gold resumption. It appears almost as a providential dispensation to enable us to follow the path of safety and honor. If we did not avail ourselves of this opportunity we would be blind to every instinct of a statesman and a patriot.

And, sir, the substitution of silver coin for United States notes meets and allays the fear of "contraction" that has been the direful cause of our long delay in approaching the specie standard. Reason about it as you will, you cannot persuade the people to endure for a time the process of contraction even to secure the acknowledged good of a specie standard. How often do we hear people say they are for specie payments, but not through contraction? They are in favor of getting well, but do not like the medicine. They want to get well by natural processes. Well, now, the silver opportunity offers; silver can be substituted for paper without contraction. Both will circulate together, because their market value is near each other, and we have the silver bullion and the sinking fund amply sufficient to sustain the process of exchange. By giving a market for silver we advance a domestic product, and by reducing the amount of paper money we approach and prepare for full resumption. The silver will circulate with the paper.

The bill reported by the Committee on Finance thus pro-

vides for an immediate resumption of specie payments in silver coin, and thus completes the first and most difficult step of the problem. It neither disturbs nor deranges business, or stirs up the phantom of contraction. It is in exact accordance with existing law, and leaves the silver coin, as now, a subsidiary coin, a legal tender only for limited amounts.

The next question presented by this bill is, shall we return to our silver coinage the old silver dollar? The committee proposes the silver dollar not as a legal tender for gold contracts, but only as a tender for currency contracts not exceeding $20 in any one payment. I would prefer to leave the silver dollar stand upon its intrinsic value as a legal tender the same as the smaller coin; but there is no injustice in enlarging the limit to $20, and but for the reasons I will state hereafter there is no injustice in making it a legal tender for all currency contracts. The silver dollar has that intrinsic value which in all periods of our history has made it a favorite coin not only for domestic uses but for exportation. It furnishes silver bullion in a shape and form more convenient for handling than any other form of coin. I fell into a common error in the debate a few days since in saying that this dollar had not been issued since 1853. Official reports show that it was issued in considerable quantities until it was demonetized by the coinage act of 1873. From 1870 to 1873 there was issued in silver dollars by the United States $3,336,348 at par with gold, and when specie payments were suspended and silver circulated only in the Pacific States and Territories. When the old silver dollars are issued at par with United States notes, a large amount of them will be taken as a reserve by the people to meet future needs, with or without a legal-tender quality. As their issue is not peremptory, and the aggregate cannot exceed the surplus revenue or sinking fund, there is no danger of an overissue, while their existence among the people will be the best reserve when gold alone becomes the full standard of value.

Every argument already mentioned in favor of subsidiary silver coin is equally potent in favor of the silver dollar. It will be eagerly taken in payment of United States notes. It is purely a voluntary exchange. It is the cheapest mode in which we can redeem United States notes. It is specie resumption in the old time-honored standard of silver dollars of full weight and fineness. It will accustom our people to distinguish between the real dollar that pays where it goes and a paper dollar which only promises to pay. It will prepare the way for full resumption in gold. To the extent proposed by the committee,

and to be used as a purely voluntary approach to a full specie standard, it is open to no objection or criticism, and should be assented to by gentlemen who have differed with each other on the present resumption law or on the merits and dangers of contraction and expansion. Why is it, therefore, that we cannot pass this bill without introducing controverted propositions which, if they do nothing else, will delay and endanger this bill?

I must appeal to the good sense of the Senators from Missouri [Mr. Bogy] and Nevada [Mr. Jones] not to embarrass this bill, the purpose of which they approve, by urging amendments that raise new difficulties of an opposite character likely to defeat its passage; or, if adopted, will demonetize gold not only in private transactions, but in the payment of customs duties and the public debt. They raise the most difficult questions of political economy and the most delicate questions affecting the public credit, and at a time when above all others we ought not to attempt to decide them. At this time, when we cannot pay our debt in gold or silver, and when the relations between gold and silver are unnaturally affected by the recent movements in Europe, and when it is impossible to fix their precise relations to each other, it is exceedingly inopportune to consider or decide any radical change in the existing law. Ever since 1853 silver coin has been practically a legal tender only for $5, and yet it has been maintained in very large sums at par with gold. Why disturb this law? Ever since the present debt of the United States was contracted we have religiously paid its interest in gold coin. To enable us to do so, we have collected our revenues in gold coin, and we have ample means to pay the interest. To claim now, on any pretence whatever, the right to pay this interest in silver coin, when the whole amount of silver coin that could be issued in three years would not pay the interest for a single year, would create a revolution in our public credit without any benefit whatever. The serious effect of such a proposition upon our national character or credit cannot be measured in dollars and cents.

Again, sir, if you undertake to pay your interest with silver coin, you must pay the whole of it with such coin. You cannot discriminate. You cannot pay the large holders of your securities with gold and the small holders with silver. The great body of your interest is paid to banks and bankers, even when the bonds are the property of private individuals. You have gold to pay with, but you have no coined silver and cannot have enough in three years; and the same objection applies to customs

duties. The only effect of such a proposition is to give an artificial value to silver bullion and silver coin in order to pay duties; and the immediate effect would be to demonetize both gold and silver coin and segregate it from our current money as gold is now segregated for the purpose of paying duties. It is manifest, therefore, that, if we mean to collect our customs duties and pay our interest in silver coin, we must postpone the operation of such a law until we have such coin in sufficient quantities to conduct the business, and by no possibility could this be done in less than four years. The amendment, then, as it is proposed, would have no effect whatever, except to take from the people the silver coin they now have and hope to receive and cause it to be held like gold in New York to pay duties. The Government would not and could not pay it out for fractional currency and United States notes when it would be at once bought up by brokers for its peculiar property in paying customs duties. This objection is clearly fatal to the amendment proposed by the Senator from Missouri for years at least; but there are other reasons why such a proposition ought not to be entertained.

The public debt was contracted and the interest to be paid was under the universal understanding that the coin stipulated for was gold coin. At that time all the silver in circulation was limited in its legal-tender quality to $5 in any one payment. And although by the act of 1853 the old silver dollar was not demonetized in terms, it was not issued, and no human being contemplated the payment of principal or interest of the debt in silver coin. In fact, during the whole period from the contraction of the debt up to and after the year 1873, when the silver dollar was demonetized, it was worth more than the gold dollar. No one foresaw or had reason to suppose that it would be less valuable than gold. Its great depreciation grows mainly, if not exclusively, from the action of foreign governments in dealing with their coin. To make now the silver dollar a legal tender in payment of the interest of our debt would not only be impracticable, as I have already shown, but would be universally regarded as a violation of good faith, and would destroy the confidence with which the commercial world now regard our public securities. The silver dollar was, it is true, a legal tender until 1873 and in strict law might be restored to its position then as a standard of value without a violation of the legal contract between the United States and the bondholder; but, sir, the effect of such a measure upon the value of our public securities would be far more injurious to us as a nation than the difference between the payment of the interest on our public debt for two or

three years in silver or in gold. For over forty years, since 1834, the silver dollar, though in law a money of account, was in fact demonetized, because it was more valuable than the gold dollar. It was for that reason alone the silver dollar was dropped from our coinage system.

The great revolution in the precious metals has occurred since 1873, and now the practical question is, Shall we avail ourselves of the extraordinary fall in silver to make the old silver dollar a full legal tender, and thus to reduce the market value of our bonds, which we are not bound to pay, which are not due, and which we have not the ability to pay; or shall we improve this opportunity offered us by an unforeseen event to redeem our depreciated notes without loss, and with the free and voluntary consent of the holder of them? Sir, this is the choice presented us. I say that not only public honor but public policy, our interest in the narrowest sense as well as in the broadest sense of that word, points to the redemption of United States notes.

As to making the silver dollar a full legal tender for contracts between private individuals, very different considerations arise. All debts contracted prior to 1873 were payable by the law then in force either in gold or silver dollars or in United States notes. At that time and for near forty years previously the payment would not be tendered in silver dollars because silver dollars were worth more in the market than gold; the legal option to tender silver coin existed until 1873, when the revised code was adopted which excluded the old dollar from among the silver coins of the United States.

It is thus apparent that all contracts payable in coin prior to 1873 were impliedly payable in gold coin, and all coin contracts made since 1873 could be paid only in gold coin. These contracts ought to be left to the precise law in force when made or payable. They ought to be left to the agreement of the parties or the action of the courts. Our laws ought to have effect only upon the future. Congress can coin money and regulate the value thereof, but this great power ought not to be made the pretext for impairing the obligation of existing contracts. It is no answer to say it was done when our present legal-tender act was passed. The condition of the country then authorized, yea, demanded, the most extreme measures, even to the confiscation of debts and property in the form of taxes. We know with what doubt and hesitation and under what circumstances the Supreme Court finally sanctioned the constitutionality of the legal-tender act as it affected preëxisting contracts. No one believes it would

sanction the exercise of such a power except as a measure of war, when Congress is invested by the Constitution with extraordinary powers. As one of those who in this Senate asserted and voted for the legal-tender act, I now say that I did it only under the shadow of a supreme necessity involving the national life, and that it ought not to be made the precedent for a retroactive legal-tender law passed in a time of profound peace to change or affect existing contracts.

It is wise at this time as a question of public policy to attempt by law to fix the precise relation of gold and silver to each other, and to make both a legal tender for all sums? Or is it best to adhere for the present to the policy of a gold unit, with subsidiary silver coins limited in amount of issue, or of legal-tender, or of both?

These two opposing policies have been debated here, but far more extensively in every European country, and especially in the writings of political economists. But, wherever debated, the action of modern governments has in all the great commercial nations settled down upon a composite policy, a coinage compounded of gold as a unit, and silver coins of somewhat less intrinsic value than gold, but kept at par with gold either by a limit of the amount issued, or by a limit of its legal-tender quality, or by both. This policy was adopted by Great Britain in 1815, by the United States in 1853, by the Latin nations in 1865, and by Germany in 1873. This policy is neither monometallic nor bimetallic. The first demands a single standard of gold and demonetizes silver; the other makes both metals a legal tender for all sums. The objection to the monometallic system is that it enormously adds to the value of gold by making it alone the metal in which all debts must be paid. The objection to the bimetallic system is that from the nature of things it is impossible to fix the true relation of silver and gold to each other, and when either advances in value a single hair it becomes demonetized and flees the country. These primary reasons have led to the composite system, which combines the two metals, gold for large transactions and silver for small, the silver purposely reduced in value, but kept at par with gold by limit in amount or otherwise. Now, sir, it is perfectly obvious that if we could in some way prevent gold and silver from fluctuating in their relations to each other the double standard is the best, as giving the largest store of the precious metals to draw upon, and it is now proposed by international treaties to bring this about. In the absence of such treaties it is far wiser for us to stand by the composite system in force in the United States since 1853,

and such is the basis of the report of the Committee on Finance. We propose, as now, to leave the ultimate unit of gold aided with subsidiary silver coin, including the silver dollar, and to limit the legal-tender quality of the silver coin and the amount to be issued to the amount of the sinking fund; while the amendments proposed adopt the bimetallic system, with all its uncertainties, at a time when it has been rejected or is being rejected by all commercial nations, and especially at a time when the difference between silver and gold is greater than it has been for two hundred years. The proposition of the committee will be amply supplied by our domestic production of silver and the sinking fund; the amendments offered will bring to us for market the rejected silver of Germany and Europe, and demonetize gold not only between individuals, but in the custom house and with the public creditors.

The time for this proposed radical change of our coinage is a truly unfortunate one. The wide margin between gold and silver is now 10 per cent. more than the rate fixed by law of 16 to 1. Nothing is clearer than that under the bimetallic system the legal relation between the two metals should be as nearly as practicable the market relation. That is the theory of the system. The first step in adopting the new system should be to adopt the relations of 17½ in silver to 1 of gold. But this would defeat the primary object of making the present depreciation of silver the means of a voluntary resumption of the specie standard. By the composite system this is easily done, and can be heartily accepted by all classes without contraction or expansion of our currency.

Sir, without going further into this argument, already too much protracted, I appeal to Senators charged with high duties at a critical period of our financial history not to press upon us extreme opinions, but to hold fast to the progress we have made, and let us seize the opportunity now offered us to make easy and straight the path now opened for a specie standard, when gold and silver and notes, all alike of equal value, will circulate side by side and revive again the flagging industry and enterprise of our people. To the one side I say that, if this bill does not give you all the silver you want, I answer that in three years it will give you all that will circulate at par with gold; and to the other side I say that, if this bill does not promise resumption in gold, it does provide for resumption in silver, which the present law does not, and prepares the way for resumption in gold by laying a foundation of silver coin, without which gold coin will never circulate and never has circulated in any country of the

world. Let us lay the foundation first and the superstructure will come in due time. Both metals are indispensable, but silver first. It is the granite rock of the money superstructure. Let us lay well this foundation, and in due time the golden dome will crown our work, and United States notes, redeemable in gold and silver at the choice and demand of the holder, will be the winged Mercury to do the business and promote the exchange of the products of human industry. Though the work is a great one and the difficulties in the way greater than Bunyan's pilgrim encountered, I will not surrender my hope to see it accomplished.

No action was taken by the Senate upon the bill, it being superseded by a bill passed on June 10 in the House by a vote of 106 to 86.

The House bill authorized the Secretary of the Treasury to issue the silver coin in the Treasury to an amount not exceeding $10,000,000 for an equal amount of legal-tender notes, these to be retained and reissued upon the retirement and destruction of a like amount of fractional paper currency received in payment of dues to the United States, which currency was to be destroyed and held as part of the sinking fund, as provided for in the act of April 17, 1876. Various amendments were made by the Senate, to which the House disagreed. A conference committee was appointed, which reported upon July 13 a bill in which the chief addition to the original was the provision to increase, by minting subsidiary silver coin, the aggregate of all such coin and fractional currency to $50,000,000, purchasing bullion therefor when the market rate was such as to occasion no loss to the Treasury. The report was concurred in on July 14, and approved by President Grant on July 31, 1876.

CHAPTER II

Legal Tender of Silver

Richard P. Bland [Mo.], in July, 1876, Introduces Bill in the House to Issue Legal Tender Coin Certificates for Gold and Silver Treasury Deposits—Debate: Mr. Bland, Benjamin Wilson [W. Va.]; Action Postponed—Mr. Bland, in December, 1876, Introduces Bill to Coin the Standard Silver Dollar; Passed by House, Committed by Senate—In November, 1877, House Passes the Bland Bill for Free Coinage of Silver; It Is Committed by the Senate—President Hayes on "Public Faith and the Silver Question"—Report of John Sherman, Secretary of the Treasury, Advocating Payment of Bond Interest Only in Gold—Stanley Matthews [O.] Introduces in the Senate a Concurrent Resolution Declaring All Bonds Payable in Silver as Well as Gold—Debate: in Favor, Sen. Matthews, Allen G. Thurman [O.]; Opposed, William W. Eaton [Ct.], Justin S. Morrill [Vt.], Roscoe Conkling [N. Y.], George F. Edmunds [Vt.], Benjamin H. Hill [Ga.]; Resolution Passed by Congress.

ON July 19, 1876, Richard P. Bland [Mo.] introduced in the House from the Committee on Mines a bill "to utilize the product of gold and silver mines." This provided that coin-notes of $50 and upward should be paid out by the mints for gold and silver bullion deposited therein, and be redeemed at any time at the option of the holders, and that a coin and bullion reserve to at least 75 per cent. of the notes issued be maintained for their redemption, gold for gold, silver for silver. These notes were to be full legal tender for all debts, public and private, where payment in gold was not specified. The lawful silver dollar was to be coined.

The bill came up for discussion on August 1.

Coin Certificates

House of Representatives, August 1-4, 1876

Mr. Bland supported the bill.

By the act of March 18, 1869, silver was specially recognized as coin competent to be applied to the payment of the public debt, as well as money of full legal tender receivable by law for duties on imports, and as a legal tender for all public debts.

Adjournment intervening, Mr. Bland continued his remarks on August 2.

The bill that demonetized silver in this country and perpetrated an injustice and fraud upon the people was passed through this House without even being read, in spite of the call of the honorable gentleman at present serving as Speaker of the House [Mr. Kerr] for the reading of that bill. It was passed surreptitiously and without discussion, and was one of the grossest measures of injustice ever inflicted upon any people. Now, this bill simply aims to restore the currency of this country which existed at that time; yet we hear objections on this floor, sometimes in the form of demands for debate, sometimes in the form of opposition to debate.

The Opposition again resorted to filibustering, with the result that discussion was postponed.

On August 4 discussion of the bill was resumed.

Benjamin Wilson [W. Va.] declared his purpose to introduce a resolution instructing the Committee on Banking and Currency to report a bill providing for the restoration of silver coinage as full legal tender, as it was prior to the Act of February 12, 1873.

If this Congress shall persistently and improperly refuse to repeal the specie-resumption clause of the act of 1875 there will remain a renewed necessity to return to a double metallic standard, a necessity such as the present generation never knew and, I may add, no past generation ever experienced. The fact is apparent that the great body of the people demand its repeal; their future prosperity demands and depends upon it. We have recently witnessed the sessions of two national conventions, one at Cincinnati [Republican] and the other at Saint Louis [Democratic]. At Cincinnati the delegates did not meet the question fairly and deal with it frankly. Notwithstanding a large preponderance of the Republican members on this floor and in the Senate and the candidates of that party are in favor of enforcing that act, and thus driving the debtor class to the wall, their delegates at Cincinnati did not dare to insert a plank in their

platform opposing its repeal, while at St. Louis, one of the largest conventions that ever assembled on this continent, composed of delegates from all sections of the country and fresh from the people, representing their views, its repeal was demanded in unequivocal terms. It remains to be seen whether Democratic Representatives in Congress will repudiate the instructions from the people as expressed through their delegates in that convention. If that act is not to be repealed there will continue to remain, I repeat it, a necessity such as the Anglo-Saxon race never witnessed before for a return to a double metallic standard.

The debt of the United States is about $2,100,000,000, and it was stated by the gentleman from Ohio [Mr. Garfield] a few days ago that private citizens of the United States owe probably $2,500,000,000 more. Now, sir, take it that the figures I have just quoted are substantially correct and contemplate for one moment the situation. It will be seen that the relation of debtor and creditor in the United States involves about $5,000,000,000. With that vast debt hanging over the heads of the American people, a mortgage on their property and involving the honor of the country, it is gravely proposed to resume specie payment on the 1st day of January, 1879, and that all this vast debt from and after that date shall be paid in coin; not in the coin that the fathers and founders of the Republic made legal tender, but in gold coin alone.

Is it not insane to talk or even think of paying the vast indebtedness of this country, public and private, in gold or upon a currency floated upon a gold basis? It is simply a physical and financial impossibility. If that is the fixed purpose of this national legislature, the destruction of the hundreds of thousands of the debtor class will be complete. The circumlocution of resorting to specie resumption might as well be avoided, for the result could be more directly but not more effectively reached by a simple statute transferring the lands and tenements, goods and chattels, of the debtor class to the bondholder, the broker, the banker, and the money changer. I repeat, that, if you would stay the hand of financial destruction and avert the cries of sorrow and woe that would otherwise fall upon our ears, you must remonetize silver and postpone the day of resumption. Resumption must come, when it does come, through prosperity and not through contraction, distress, and adversity. Our bonds were bought, or a large portion of them were bought, at forty cents on the dollar in gold, and since then they have been legislated up to par and even beyond par. The interest is paid in

coin and the bond is exempt from taxation. Therefore the bondholder is in a condition to resume, but the mass of the people are not.

Remonetize silver, economize in public expenditure, infuse confidence among the people, and in a few years the financial affairs of the country will be in a healthy condition. We may thus be able to tide over the threatened trouble. But why not remonetize silver? I have heard with pain and regret from two members of this Congress, one from Pennsylvania [Mr. Townsend] and the other from Ohio [Mr. Garfield] that they oppose the remonetization of silver for the reason, among others, that the great supply of American mines has tended to reduce its market value. Why, sir, the British dominions are the largest gold-producing sections of the world, and hence the Englishman, true to his interest, true to his government, and ever ready to add to its strength and material wealth and to add to the purchasing power of gold, has demonetized silver and reduced its market value; but why an American should join in the crusade against America's productions, his own country's coin, I cannot understand. It is a high constitutional duty that this Congress owes to the country to provide for the coinage of silver as of its former purity and to make it a legal tender for all debts, public and private. This will go far to enhance its purchasing power both in Europe and America. European capitalists hold large amounts of our bonds, and will be induced by their interest to give silver its proper place and standard in value in the coinage of the world.

By filibustering tactics the opposition to the bill succeeded in postponing action upon it until the next session.

Early in the next session Richard P. Bland [Mo.] introduced in the House a bill to authorize the coinage of the standard silver dollar, and to restore its legal-tender character. After some debate it was passed on December 19, 1876, by a vote of 167 to 53. The Senate referred it to the committee, and took no action upon it this session other than to place it upon the calendar.

On November 5, 1877, the House by a vote of 163 to 34 passed a bill, introduced by Richard P. Bland [Mo.], authorizing the free coinage of the standard silver dollar and restoring its legal-tender character. The rules having been suspended, the bill was passed without debate.

Among the Republicans voting for the bill were Joseph G. Cannon [Ill.], Charles Foster [O.], J. Warren Keifer [O.], William D. Kelley [Pa.], and William McKinley [O.]. James A. Garfield [O.] did not vote upon the measure. Distinguished Democrats who voted against the bill were Abram S. Hewitt [N. Y.] and Alexander H. Stephens [Ga.].

The Senate referred the bill to the Committee on Finance, which, on November 21, reported it with amendments, and it was placed on the calendar.

In his first annual message (December 3, 1877) President Hayes thus referred to the currency question:

Public Faith and the Silver Question

President Hayes

Holding the opinion, as I do, that neither the interests of the Government nor of the people of the United States would be promoted by disparaging silver as one of the two precious metals which furnish the coinage of the world, and that legislation which looks to maintaining the volume of intrinsic money to as full a measure of both metals as their relative commercial values will permit would be neither unjust nor inexpedient, I must ask your indulgence to a brief and definite statement of certain essential features in any such legislative measure which I feel it my duty to recommend.

In any legislation providing for a silver coinage, regulating its value and imparting to it the quality of legal tender, it seems to me of great importance that Congress should not lose sight of its action as operating in a twofold capacity and in two distinct directions. If the United States Government were free from a public debt its legislative dealing with the question of silver coinage would be purely sovereign and governmental, under no restraints but those of constitutional power and the public good as affected by the proposed legislation. But in the actual circumstances of the nation, with a vast public debt distributed very widely among our own citizens and held in great amounts also abroad, the nature of the silver-coinage measure as affecting this relation of the Government to the holders of the public debt becomes an element, in any proposed legislation, of the highest concern. The obligation of the public faith transcends all questions of profit or public advantage otherwise. Its unquestion-

able maintenance is the dictate as well of the highest expediency as of the most necessary duty, and will ever be carefully guarded by Congress and people alike.

The public debt of the United States to the amount of $729,000,000 bears interest at the rate of 6 per cent. and $708,000,000 at the rate of 5 per cent., and the only way in which the country can be relieved from the payment of these high rates of interest is by advantageously refunding the indebtedness. Whether the debt is ultimately paid in gold or in silver coin is of but little moment compared with the possible reduction of interest one-third, by refunding it at such reduced rate. If the United States had the unquestioned right to pay its bonds in silver coin, the little benefit from that process would be greatly overbalanced by the injurious effect of such payment, if made or proposed against the honest convictions of the public creditors. All the bonds that have been issued since February 12, 1873, when gold became the only unlimited legal-tender metallic currency of the country, are justly payable in gold coin or in coin of equal value. During the time of these issues, the only dollar that could be or was received by the Government in exchange for bonds was the gold dollar. To require the public creditors to take in repayment any dollar of less commercial value would be regarded by them as a repudiation of the full obligation assumed. The bonds issued prior to 1873 were issued at a time when the gold dollar was the only coin in circulation or contemplated by either the Government or the holders of the bonds as the coin in which they were to be paid. It is far better to pay these bonds in that coin than to seem to take advantage of the unforeseen fall in silver bullion to pay in a new issue of silver coin, thus made so much less valuable. The power of the United States to coin money and to regulate the value thereof ought never to be exercised for the purpose of enabling the Government to pay its obligations in a coin of less value than that contemplated by the parties when the bonds were issued. Any attempt to pay the national indebtedness in a coinage of less commercial value than the money of the world would involve a violation of the public faith and work irreparable injury to the public credit.

It was the great merit of the act of March, 1869, in strengthening the public credit that it removed all doubt as to the purpose of the United States to pay their bonded debt in coin. That act was accepted as a pledge of public faith. The Government has derived great benefit from it in the progress thus far made in refunding the public debt at low rates of interest. An

adherence to the wise and just policy of an exact observance of the public faith will enable the Government rapidly to reduce the burden of interest on the national debt to an amount exceeding $20,000,000 per annum, and effect an aggregate saving to the United States of more than $300,000,000 before the bonds can be fully paid.

In adapting the new silver coinage to the ordinary uses of currency in the every-day transactions of life and prescribing the quality of legal tender to be assigned to it, a consideration of the first importance should be so to adjust the ratio between the silver and gold coinage, which now constitutes our specie currency, as to accomplish the desired end of maintaining the circulation of the two metallic currencies and keeping up the volume of the two precious metals as our intrinsic money. It is a mixed question for scientific reasoning and historical experience to determine how far and by what methods a practical equilibrium can be maintained which will keep both metals in circulation in their appropriate spheres of common use. An absolute equality of commercial value, free from disturbing fluctuations, is hardly attainable, and without it an unlimited legal tender for private transactions assigned to both metals would irresistibly tend to drive out of circulation the dearer coinage and disappoint the principal object proposed by the legislation in view. I apprehend, therefore, that the two conditions of a near approach to equality of commercial value between the gold and silver coinage of the same denomination and of a limitation of the amounts for which the silver coinage is to be a legal tender are essential to maintaining both in circulation. If these conditions can be successfully observed, the issue from the mint of silver dollars would afford material assistance to the community in the transition to redeemable paper money, and would facilitate the resumption of specie payment and its permanent establishment. Without these conditions, I fear that only mischief and misfortune would flow from a coinage of silver dollars with the quality of unlimited legal tender, even in private transactions.

Any expectation of temporary ease from an issue of silver coinage to pass as a legal tender, at a rate materially above its commercial value, is, I am persuaded, a delusion. Nor can I think that there is any substantial distinction between an original issue of silver dollars at a nominal value materially above their commercial value and the restoration of the silver dollar at a rate which once was, but has ceased to be, its commercial value. Certainly the issue of our gold coinage, reduced in weight materially below its legal-tender value, would not be any

the less a present debasement of the coinage, by reason of its equaling or even exceeding in weight a gold coinage which at some past time had been commercially equal to the legal-tender value assigned to the new issue.

In recommending that the regulation of any silver coinage which may be authorized by Congress should observe these conditions of commercial value and limited legal tender, I am governed by the feeling that every possible increase should be given to the volume of metallic money which can be kept in circulation, and, thereby, every possible aid afforded to the people in the process of resuming specie payments. It is because of my firm conviction that a disregard of these conditions would frustrate the good results which are desired for the proposed coinage, and embarrass with new elements of confusion and uncertainty the business of the country, that I urge upon your attention these considerations.

I respectfully recommended to Congress that in any legislation providing for a silver coinage and imparting to it the quality of legal tender there be impressed upon the measure a firm provision exempting the public debt heretofore issued and now outstanding from payment, either of principal or interest, in any coinage of less commercial value than the present gold coinage of the country.

Report of Secretary Sherman

In his annual report submitted with the President's message John Sherman, Secretary of the Treasury, said that he had officially informed his associates that, "as the Government exacts in payment for bonds their full face in coin, it is not anticipated that any future legislation of Congress or any action of any department of the Government will sanction or tolerate the redemption of the principal of these bonds, or the payments of the interest thereon, in coin of less value than the coin authorized by laws at the time of their issue—being gold coin."

He earnestly urged Congress to give its sanction to this assurance.

On December 6, 1877, Stanley Matthews [O.] introduced in the Senate a measure (which he shrewdly made in the form of a concurrent resolution in order to avoid

submitting it to the President, who was certain to veto a joint resolution to its effect), which declared that all bonds of the United States are payable in silver dollars of 412.5 grains, and that to restore such dollars as a full legal-tender for that purpose is not in violation of public faith or the rights of the creditor.

This motion was made in accordance with an almost unanimous resolution of the Ohio State Legislature.

Legal Tender of Silver

Senate, December 10, 1877—January 25, 1878

On December 10 Senator Matthews supported the resolution. He showed that by the act of 1870 all bonds were payable in *coin*.

Prior to the passage of the resumption and bond act of 1875, but subsequent to the passage of the act of 1870, to wit, in the act of 1873, the Government of the United States, actuated by motives and in reference to purposes of its own, in the exercise of its sovereign prerogative, passed a new coinage act, in which there was dropped from the list of the authorized coins of the United States what had been always previously known to our law as the silver dollar.

Therefore it is true that since that year, and at the time of the passage of the act of 1875 and at every date when bonds have been issued since 1873, under the act of 1870 or under the act of 1875, there were no silver dollars which could have been paid for the bonds, and no silver dollars in which they could have been paid off if they had then been due. Now, in law or in morals what difference does that make? Could the United States by any act of its own, particularly any act not done with any such design, change, alter, make over again the terms of the contract between these parties, between itself and its creditors? Could it make any bond in the hand of a new purchaser different as to its obligation and value by any act of its own from those which had been originally and directly issued under the terms of the act of 1870? Was that the intention, or was it not most expressly the intention to make all these bonds identical, precisely alike in every particular as to the obligation of the United States Government and as to their values in the hands of the holders?

Then, Mr. President, if the United States, as one party to a

contract, could not of its own mere motion, by any act of its own, change the character of the obligation, its nature, and its extent, how can it be claimed that that act has affected the right of the holder of the bonds? Was it intended to increase the weight of the obligation? Was it intended to add a new term to the nature of the contract? It is not to the purpose, as I have already had occasion to say in another connection, that gold was in fact the only circulating medium since 1873, any more than prior to that act it makes any difference in the nature and extent of the obligation of the contract that no silver coins were in circulation. It is said, I know, that we exacted gold from the purchasers of our bonds, and therefore it would be unjust not to repay them in the same quality and kind of currency as that in which we demanded and exacted payment from them; but it is an abuse of language to say that we exacted anything of anybody. We exacted nothing. It was a voluntary thing. We made an offer to sell the bonds in the market at a price fixed by the law, and we agreed to receive in payment gold coins of the United States at par. We gave in exchange for them a paper writing, with certain words printed thereon, conveying in language not to be misunderstood the idea which entered into and formed a contract between the parties; and it was so plain that anyone who runs may read. The consideration that was paid and that was required to be paid had no more to do with the interpretation of the bonds than under the statutes of 1862 and subsequent acts of Congress the consideration for bonds then sold in greenbacks had to do with the interpretation put upon the bonds as to the obligation of the Government to pay in coin.

If the argument is a sound one now, it was an unanswerable one then. If because we have received gold as the consideration of the contract now we are therefore necessarily and justly to pay gold in return, then the public-credit act of 1869 was not only a mistake and a blunder, but it was a grievous wrong; a wrong to the people who are our constituents, because we had the right, or as it is now said it is our duty, to insist upon the just obligation of the contract being measured by the nature and value of the consideration received for it. We know as a matter of history that the bonds we then sold were paid for in currency at a depreciation which put them at about forty cents on the dollar to many of the holders. Would it have been regarded as honorable; would it have been looked upon as just, if we had said to our public creditors who held our 5.20 bonds "You ought not to ask more in value than we received; and, therefore, as you paid but 40 or 50 or 60 per cent. in coin on the dollar for

these obligations, you ought to be satisfied with interest on that principal, and that identical principal itself returned at the maturity of the bonds"? That argument was not heeded at that time, and in order to put it down and effectually to suppress it the Congress of the United States passed the act of March 18, 1869. Now are we, in reverse circumstances, to be treated with the same argument which was then overthrown and put out of existence by the enactment of a law? What is just for the creditor is just for the Government. What is right for the creditor is right for the debtor. It is a mutual right and obligation. It is to be measured by the same law, by the same principle, by the same measure of abstract justice.

Therefore, it does seem to me that the recitals contained in this resolution logically and legally justify the conclusion. It does seem to me that there is no ground in law, in any right application of the principles of jurisprudence to the obligations and duties of the Government, which does not, when applied to the facts in this case, necessarily result in justifying the conclusion which constitutes the substance of the proposition, and that is, that for the United States to retrace its steps, and for the Government to restore the law as it was in 1873, to put back in the list of its coins the silver dollar of 412½ grains of standard silver, and make this dollar as it stood then a legal tender in payment of all the outstanding bonds, principal and interest, is not in violation of the public faith nor in derogation of the rights of the public creditors. The circumstance that by the operation of that repealing act affecting our coinage the silver dollar was dropped from the list of our coins affects the question only in my opinion to this extent, in this degree: I do not believe that keeping our coinage as it is to-day, prohibiting the coinage of the silver dollar, and then at the date of the maturity of those obligations coming forward and manufacturing silver pieces containing 412½ grains of silver, nine-tenths fine, and tendering them in payment, would be a lawful performance of the contract, because the contract is for the payment of dollars which by law are entitled to circulate as currency, dollars which are legal tender, which have the quality impressed upon them by law of performing all the functions of money.

Hence, according to my construction of the rights of the creditors of the country, in order to keep ourselves in a position to perform the contract according to its letter and its spirit, we ought to restore the silver dollar and keep it as a part of our coinage just as it was before, without the loss of a particle of its value as a circulating medium, as a full and complete legal

tender, as it stood in 1873 when it was struck out of the list, qualified according to the ratio of its value to perform equally with gold every function of money, a lawful tender in payment of every debt, public and private. In this way, and in this way only, are we able to keep ourselves in the attitude required by the law and by the contract for the performance of the obligation.

Suppose that between now and the date of the maturity of these obligations such a change in the ratio and relation of the precious metals toward commodities and prices should happen in respect to gold as it is supposed has taken place in respect to silver. Suppose there should take place what did happen from 1848 to 1854, a sudden and unexpected and unprecedented accession to the stock of gold in the markets of the world, so that, compared with other commodities and compared with silver, gold should fall far below that standard, far below the point that silver has fallen in consequence of the demonetization of it in this country and Europe; would the contract change? Would the obligation of the Government vary? Would we then be chargeable if we sought to pay these bonds in that cheapened currency with seeking to evade the just performanec of our honorable duties? Clearly not.

Then if we had by the terms of the law and the terms of the contract, as I have shown, I think conclusively, we have the option, the right to select which of these two we would make the medium of our payment, was not that a reservation to ourselves of the right to use that medium of payment which when the time arrived should be most convenient to our own public interest? It does seem to me that there is no escape from this conclusion, and in coming to it in my judgment it is foreign to the investigation to make appeals to generosity, to magnanimity, to any of those emotions and sentiments which, while they are supposed to dignify human nature and to exalt the individual, none but the individual has a right to exercise, and then only upon his own. We are not acting here for ourselves; we are not dealing with our own private and individual interests; we are not interpreting a contract which we, as natural persons, are either bound to pay or expect to pay. We are here as representatives of a great public interest; we are here as trustees of the nation, trustees I admit of its honor as well as of its pecuniary interests, but bound to act in every respect, as all trustees are bound to act, according to well recognized and universally acknowledged principles of justice and of right as declared by the law; for the nation and the Government and the people

can express themselves only in that way; can be estopped by nothing else, find their voice only in the law and must have their rights measured as well as their duties estimated by the law. What right have you, sir, what right have I or all the Senators on this floor and all the Representatives in the other House to give away a particle of that great public domain which constitutes the public right; we are the conservators of it; we are the guardians of it; we are the trustees of it; and when we negotiate with third persons in reference to it they are adverse parties and we are acting for those whom we are bound to guard and to protect. Who has a right to speak for them? The President? Only in the limited channel of executive authority as defined by the Constitution. The Secretary of the Treasury? Only as he is invested and authorized by the express terms of the law or the necessary implications which arise from it.

It is the representatives of the people acting together in their capacity as the law-making body that speaks for them, and speaks in their name, and speaks by their authority, and speaks so as to bind and oblige them and their successors, posterity, forever. So when it is talked, as we hear the talk, that there was an expectation on the part of the creditor that, because he paid gold, therefore he was to receive gold, who excited that expectation in his mind? Who raised the desire? Who has given him so to understand? Have the people estopped themselves by an estoppel *in pais*, by some act and conduct and behavior which has induced this belief and led to this expectation, and which if now they were to defeat would be equivalent to a fraud? Where have they so spoken? How have they so conducted? Through what organ? By what agency? Let them produce the record; let them show the statute; let them bring into the light of day the enactment made under the Constitution and according to the forms of law which expresses their will. Then we have that which does, and that alone which can, bind them, either in the forum of judicial proceeding or in the forum of history and of public conscience. We have no right, sir, to barter the rights and the interests of the people. They do not belong to us. We are intrusted with certain express and limited functions. Beyond them we cannot lawfully go; beyond them we ought not to attempt to go. To transcend them is to be guilty ourselves of a breach of trust and make ourselves parties to the wrong inflicted by those who combine and conspire with us to do it.

If it were to be admitted that we are bound to repay the public creditor as full value as we got, if it were admissible to

claim, as I think I have shown it is not, that the public creditor has a right to insist that we shall keep the dollar which we promised in 1870 to pay him up to high-water mark of its purchasing power and its commercial value, so that with it when he receives it he may be able to command as much of the labor of his fellow-men and as many of the products of that labor as he could have done with the consideration which he passed for the bond, then, still then I should insist upon producing the dollar according to the present measure and standard of its value, to the standard of its value as it was in 1870. It is said that silver has depreciated in value. How depreciated? How do you measure the loss? With what standard? By what line and rule? With gold? Why not say that gold has appreciated rather than that silver has depreciated?

WILLIAM W. EATON [Ct.].—Has it not depreciated in the purchase of every product at home and abroad? Can you buy the same amount with the same number of grains of silver that you could with the corresponding degree of some other metal?

SENATOR MATTHEWS.—In Asia, in Europe, throughout this whole continent, nowhere, measured by the average price of the general commodities of the world, has silver depreciated the breadth of a hair. On the contrary, it has maintained its position. It can buy to-day more land, more houses, more machinery, more calico, more cotton, more everything than it could in 1870, the same number of grains of the same standard and fineness.

Who is there that does not know from actual personal knowledge of the fact that everything has gone down and that gold alone has gone up? Who does not know that there is and has been throughout this country, throughout Great Britain, throughout Germany, throughout France, throughout Austria, throughout Italy, throughout the civilized world everywhere, a most extraordinary depression in values for the last four years, and there is no cause that prevails as generally as that effect, and adequate to account for it, but the blindness of that conspiracy which has sought to exalt gold as the god and king of money. It is the demonetization of silver in Germany, followed by practical demonetization on the part of the members of the Latin union, and into which we have fallen, that by taking away from silver the principal part of its utility as compared with gold has appeared to diminish its value as compared with gold, and by investing gold with the monopoly, which does not either by nature or by right belong to it, has given to it a fictitious and a factitious value, so that everything expressed to be

payable in money by being converted into gold has had added to its value per centum upon per centum, until it has turned out that the very best and most fruitful and most profitable investment that in these days a man can make is to take his money and lock it up and keep it idle and divorce it from enterprise and labor, so that by its mere appreciation, by the mere progress of time toward this day, this millennial day, as my friend from Connecticut doubtless esteems it, when gold alone is to be the measure not only of all men, but of all things.

JUSTIN S. MORRILL [Vt.].—The Senator from Ohio set out with the idea that we had the right, the legal right, the equitable right, to pay our public debt in silver. Sir, it must be known to that Senator as well as to all others that we have not coined silver for forty years for any circulation except as minor coinage. All the silver dollars that we have coined have been for exportation; none of them to speak of have gone into circulation, and none of them have been paid out or received by the United States, and the whole amount that we have coined annually for forty years will not exceed about $160,000 per annum. During all this time we have been in receipt of gold for our customs duties; gold and nothing else; and every dollar of that gold has been pledged for the payment of the interest and the redemption of the principal of the public debt. Now, can it be possible equitably, after we have made a pledge of the revenues collected exclusively in gold, that we can now say that a debt contracted under such circumstances may be paid in anything else than that which has been received by the Government for duties?

Now, Mr. President, it does seem to me that the public faith has been pledged in relation to this subject. Our Secretaries of the Treasury, the only authorized agents of our Government, have given assurance according to this interpretation of the law, and their acts have never been repudiated. They have given their pledges in relation to this matter, and the Government has profited by those pledges.

Mr. President, we passed here at a critical period of our history an amendment to the Constitution [the XIVth] in these words:

> The validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions and bounties for services in suppressing insurrection or rebellion, shall not be questioned.

I must say that that amendment of the Constitution was adopted through some apprehension of the representatives that

might be returned here from the States lately in rebellion. It was not intended to apply to the heresies of Ohio; and yet I am forced to read it upon this occasion, and in this hour of conciliation and reconciliation, when gentlemen have come back here and are rebaptized to their faith in the Union to appeal to some of them for a patriotic endeavor to support the honor of the country. I say I appeal to them as against the Senator from Ohio.

The Senator from Ohio intimated that the law of 1869 was passed for the purpose of doing away with the heresy about paying the debt in paper. Did he and those who then—I will not include him, for I believe he was not included in that category—but did those who were then opposed to paying the public debt in paper reserve their forces in order that it might be paid in something cheaper, 6 or 7 per cent. less than the value of paper?

Mr. President, there are various other points of the Senator's speech that I should desire to answer, but I will not take time at the present moment. One particular point I will reply to now and no more. At the close of his remarks he referred to the locking up of money by many in order to gain thereby. Why, sir, there never was an opportunity since the foundation of this Government when money could be obtained at so low a rate of interest at any city or place on this continent as it can be to-day or at any period during the last year. If there is less use for money it is because there is a fear that they are not to receive as much for the new dollar as the old one. It is the dread of silver inflation.

Roscoe Conkling [N. Y.] moved to make the resolution a joint one, so that, if passed by Congress, it would go to the President for his signature.

The national Executive has deposited with him by the Constitution one-sixth of the legislative power; and in an instance so grave as this, in the case of a resolution applicable to a subject so important as this, I think we should have an expression from the entire law-making power, and not merely from the two Houses of Congress.

ALLEN G. THURMAN [O.].—I think, if Congress entertains an opinion in respect to the existing state of the law that opinion ought not to be nullified by a veto of the resolution of my colleague by the President of the United States. I do not want to invite any such veto. I want the President of the United

States, as well as everybody else, to understand what is the opinion of the Congress of the United States upon this question, and then it will be for the President of the United States to say what he will do in case he should be compelled to act hereafter.

GEORGE F. EDMUNDS [Vt.].—Is it not more candid, more fair, more right that, if we are to say anything upon this subject which differs from the general opinion that is supposed to be held by the people who hold public securities, we shall say it in the form of a law? The question is whether, if you are to have effect upon that body of people so that when they sell to somebody else, if no new certificates are to be issued, what sort of title the people will have who get the bond when it is sold, what sort of law they are to take it under, you propose to merely scare them by an opinion which is not law, or whether you are to define in a binding way for everybody hereafter exactly what the law is. You do nothing that is effectual, because you do not affect the legal right of any public creditor whatever at all. You only disturb the credit of your own securities, for the fear that the creditor may have; not that he is a "bloated bondholder," for, as in every such case, the bloated bondholder knows how to take care of himself. It is the widow and the orphan and the people who have invested in savings banks and so on that hold these securities who suffer at last, just as it is the laboring class that has suffered at last, by these bedevilments about the currency that are always carried on in the pretence or in the belief that the interests of these classes of people are being favored by such measures. That is where it falls at last.

Therefore, Mr. President, if we are to act at all, should we not act in such a way that hereafter in every change of securities everybody will be bound by the declaration of what the law is; not by the opinion of the two Houses as to what it ought to be, which merely has the effect, not of changing any legal right at all, but only of enabling speculators and gamblers in the public funds to trade upon the uncertainty and the doubt upon the public faith that is made by a declaration of the two Houses that has not the force of a law.

SENATOR THURMAN.—Mr. President, I have been nearly nine years in the Senate of the United States, and if there has been any financial legislation here for the benefit of the widow and the orphan and the laboring classes I have been too obtuse to discover it.

The Senator from Vermont warns us that we may be en-

dangering the public credit. Endangering the public credit! I opened my New York paper since the Senator from Vermont rose to speak, and the first thing that strikes my eye is this:

Gold is one-sixteenth lower for the week.

Gold is one-sixteenth lower for the week in the face of a vote of two-thirds of the Senate to fix the silver bill to-morrow! I turn then to Government stocks, and I find that every single bond of the United States has risen in value since last Thursday.

SENATOR EDMUNDS.—The Senator has said that gold is one-sixteenth lower for the week. Now, will he be good enough to tell us how, by the same measure, silver stands in comparison to what it did stand when what we call the Bland bill passed the House?

SENATOR THURMAN.—I cannot answer the Senator, because the market price of silver is not here given.

SENATOR EDMUNDS.—Does the Senator know that silver has fallen much more since the Bland bill passed in proportion than gold has?

SENATOR THURMAN.—I do not know it. If it is so, it is a marvelous thing.

SENATOR EDMUNDS.—The Senator had better take time to consider that.

On January 25, 1878, the amendment of Senator Conkling was rejected by a vote of 23 yeas and 39 nays.

A thorough discussion of the silver question followed, in which arguments already familiar were presented. The attitude of Benjamin H. Hill [Ga.], a Democrat, was, however, somewhat new.

I cannot vote for the resolution offered by the Senator from Ohio, because it affirms that to-day the debt of the United States, principal and interest, is payable in silver coin dollars. There is no silver coin dollar. It has been destroyed by the act of the Government. How can you pay in silver coin to-day when the Government, the debtor, has explicitly stricken silver from the coinage? I concede that as a naked legal proposition, if the silver dollar to-day were a coin, the bonds, according to the letter of the act of 1870, would be payable in silver or gold at the option of the Government. I believe if you should restore silver to the coinage, as was properly said by the amendment of the junior Senator from Vermont [Mr. Morrill], if you should restore the silver dollar to the coinage, then under the letter of the contract and the law of the contract possibly, and

I believe truly, the bonds would be payable in gold or silver at the option of the Government. Now, sir, whether silver should be restored to the coinage is a separate, independent, and distinct question. In my judgment it has no proper relation to the payment of the debt. My judgment as to whether it should be restored to the coinage depends on other and grave economical questions.

I believe that the proper remonetization of silver would be of great advantage to the country at this time. I believe it would aid in the great business of resumption, aid in a return to specie payments. I believe it would be a great benefit to the people in their present condition. But I believe an improper restoration of the silver dollar to the coinage will be a hindrance to resumption, will be the worst contraction of the currency this country has ever known, will inflict infinite evil upon the country, will mock all the pains that seem now to be pretended to be remedied, and will absolutely impoverish the very poor and hunger the already starving. Therefore the question as to the remonetization of silver, whether I will vote to remonetize it or not, will depend altogether upon the terms in which that remonetization is proposed. I believe that if you remonetize silver in any way that will make the silver dollar equal to the gold dollar, you will do a great thing for this country. I believe that if you remonetize the silver dollar in any way that throws it into circulation as a depreciated dollar, you inflict an infinite calamity on this country. I believe the silver dollar can be made equal to the gold dollar in any one of three ways. I believe you can increase the weight of the silver dollar and make it equal to the gold dollar. I believe you can limit the coinage perhaps, as in France, and make it equal to the gold dollar. I believe you can limit the legal-tender power of it and still make it equal to the gold dollar without increasing the weight. But I do not believe in the face of the manifest tendency of all great commercial nations of this day, I do not believe in the face of the great fact that silver is worth but ninety cents in the dollar to-day as compared with gold, that you can restore the silver dollar to equal value with the gold dollar by simply restoring it to the coinage with unlimited legal-tender power and unlimited free coinage.

I believe it will be a mistake, and one of the greatest mistakes ever made by the American Congress, to pass such a bill as the silver bill that came to us from the House of Representatives.

I say, then, make the silver dollar in either form that I have suggested or in any other form, equal to the gold dollar, and I am ready to support it. I believe it will be beneficial to the Government. I believe it will be beneficial to the people; I believe it will aid in bringing about resumption. Ask me about a silver dollar, a depreciated dollar, ask me to throw again on this country a depreciated dollar that keeps everything uncertain! I cannot do it. I do not believe there ever was a depreciated dollar that did not cheat some person every time it circulated, more or less. I believe as a rule, an almost universal rule, depreciated currency always cheats the laborer, the producer, and the consumer. I believe the money dealers speculate on every depreciated dollar and every depreciated currency and make fortunes by it.

The resolution was passed by a vote of 43 to 22. Senators William B. Allison [Ia.], Matthews, Richard J. Oglesby [Ill.], Preston B. Plumb [Kan.], Henry M. Teller [Col.] were Republicans who voted for the measure, and Senators Thomas F. Bayard [Del.], Francis Kernan [N. Y.], and Lucius Q. C. Lamar [Miss.] were Democrats who voted against it. Senator Hill was absent when the vote was taken.

The resolution was adopted on January 28, 1878, in the House by a vote of 189 to 79. Joseph G. Cannon [Ill.], Jacob D. Cox [O.], J. Warren Keifer [O.], William D. Kelley [Pa.], and William McKinley [O.] were Republicans who voted in the affirmative, and Abram S. Hewitt [N. Y.] was a Democrat who voted in the negative.

CHAPTER III

INTERNATIONAL BIMETALLISM

Samuel S. Cox [N. Y.] Introduces in the House Concurrent Resolution to Appoint a Monetary Commission—Debate: in Favor, John A. Kasson [Ia.], Abram S. Hewitt [N. Y.]; Opposed, Richard P. Bland [Mo.]; Commission Appointed: Its Report—Debate in the House on Senate Joint Resolution to Appoint Delegates to an International Monetary Conference: in Favor, Mr. Hewitt; Opposed, Mr. Bland; Resolution Defeated—William B. Allison [Ia.] Moves in the Senate an Amendment to Bland Bill for Free Coinage of Silver (Passed by the House) Authorizing the Call of an International Monetary Conference—Debate on Bill and Amendment: Justin S. Morrill [Vt.], Thomas F. Bayard [Del.], Timothy O. Howe [Wis.], Allen G. Thurman [O.], James G. Blaine [Me.], John P. Jones [Nev.], Sen. Allison, James E. Bailey [Tenn.], Thomas W. Ferry [Mich.], Augustus S. Merrimon [N. C.], Eli Saulsbury [Del.], John T. Morgan [Ala.], Samuel B. Maxey [Tex.], George F. Edmunds [Vt.]; Bill Passed with the Amendment; Vetoed by the President; His Reasons; Bill Passed over Veto—Proceedings of the International Monetary Conference.

ON August 5, 1876, Samuel S. Cox [N. Y.], chairman of the Committee on Banking and Currency, introduced in the House a concurrent resolution, originally proposed by Randall L. Gibson [La.], providing for the appointment of a joint commission, consisting of three Senators, three Representatives, and not more than three financial experts, to investigate:

First, into the change which has taken place in the relative value of gold and silver; the causes thereof; whether permanent or otherwise; the effects thereof upon trade, commerce, finance, and productive interests of the country, and upon the standard of value in this and foreign countries;

Second, into the policy of the restoration of the double standard in this country, and, if restored, what the legal relation between the two coins, silver and gold, should be;

Third, into the policy of continuing legal-tender notes concurrently with the metallic standards, and the effects thereof upon the labor, industries, and wealth of the country; and,

Fourth, into the best means of providing for facilitating the resumption of specie payments.

The commission was instructed to report on or before January 15, 1877.

Monetary Commission

House of Representatives, August 5, 1876

Richard P. Bland [Mo.] opposed appointment of a commission until silver had been restored to full legal tender.

I say it is the duty of this House first to restore the currency where it existed and then appoint your commission to ascertain whether it is proper or not to repeal that law. The gentleman from Ohio [Mr. Garfield] characterized this legislation, proposing to remonetize silver, as being the most corrupt that had occurred in this Congress during his official career. I suppose that the gentleman from Ohio had forgotten some of the legislation here during his official career in this House. I suppose he had forgotten the act of 1869, an act that he voted for, changing the contract in the interest of the money-sharks of this country and against the people, by which they were swindled out of millions and millions of money. I suppose the gentleman had not in his recollection at that time the Crédit Mobilier swindles and frauds in this country. I apprehend the gentleman had forgotten the fraud and corruption of the Boss Shepherd ring in the District of Columbia. If the gentleman does not recollect all these frauds the country recollects them.

Mr. Speaker, the common people of the country cannot come to this Capitol. They are not here in your lobby. They are at home following the plow, cultivating the soil, or working in their workshops. It is the golden slippers of the money kings, the bankers and financiers, whose step is heard in these lobbies and who rule the finances of the country. They are the men who get access to your committees, and who have ruled and controlled the legislation of this country for their own interests.

Mr. Bland then declared that the demonetization of

silver had been accomplished by stealth, at the instigation of the "money kings."

The act of February 12, 1873, was a fraud, because its title gave no clew to the real intent of the act. The record shows that the act was stealthily passed, without consideration and without debate. The public generally had no notice of the pendency of such a bill, and it was not till during this session of Congress the law was unearthed and exposed.

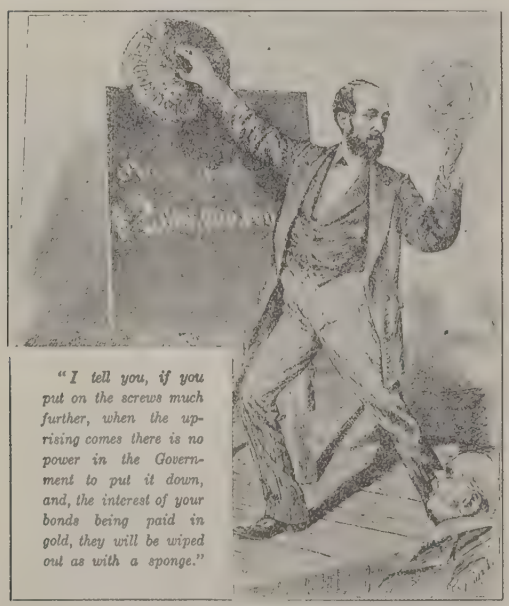
Mr. Speaker, when will the time come that mistakes and blunders will creep into our statutes favorable to the tax-paying people? All such oversights heretofore have uniformly been in the interest of the tax-consumer. Let this law be repealed as openly, as honestly, and boldly as it was stealthily, fraudulently, and sneakingly enacted. With the double standard, which will utilize our product of silver as well as gold, we can resume specie payments without detriment to any class. Indeed the question of resumption hinges upon this policy. With this bill enacted into law resumption is at once accomplished; but if we are to undertake resumption with the gold standard alone, the money sharks will foreclose the mortgages they have upon the people, sell them out of houses and homes, and turn millions of hard-working and industrious people into beggars. The road to resumption with the double standard will be one of prosperity and happiness; the other leads to a dark and dismal financial swamp, through the impenetrable gloom of which the eye of no statesman can discern the least glimmer of light.

John A. Kasson [Ia.] replied to Mr. Bland.

I regret exceedingly that the language of popular prejudice should be heard in discussion of a question of this sort on this floor. The relation between gold and silver and their relative value prospectively as well as at present are among the most serious questions that can be presented to this body. We cannot determine without further knowledge what that relation should be, whether we should coin exactly the old coin or whether we should establish a new fixed or variable relation to the gold dollar, in view of this unprecedented depreciation of silver or any other of these serious questions on which the greatest economists of the world are consulted by the legislative bodies of other countries before they come to a decision.

If at a time when European countries, especially the Latin

nations, are limiting the amount of their silver coin, and Germany is repudiating it, and England will not have it as one of her standards, if at this time the United States adopts


"I tell you, if you put on the screws much further, when the uprising comes there is no power in the Government to put it down, and, the interest of your bonds being paid in gold, they will be wiped out as with a sponge."

"A BLAND ALTERNATIVE"
Cartoon by Ph. G. Cusacks
From the collection of the New York Public Library

it, what will be its effect on us who open our hands for their refuse unless it be to depreciate it further here?

I am not one of the men who propose to take care of the labor of this country by paying it eighty cents for a dollar's

worth of wages. I am not one of those who propose that Englishmen buying the grain of our Western farmers shall send here in payment of the balance of trade in our favor the depreciated and abandoned silver of Europe, worth 10 per cent. less than our own paper money, and 20 per cent. less than the gold that England now remits in payment for the surplus products of our farms. I am not disposed to do all this until all the facts and relations of this question are submitted to us in a formal and carefully prepared report, with the evidence upon which its conclusions rest, that we may form therefrom a more intelligent and deliberate judgment.

I learn that in France, a double-standard country, about three weeks ago, the government suspended the coinage of five-franc pieces because of this uncertainty of information as to the result of the great agitation arising from the alarming depreciation of silver.

Another question is how much surplus, if we adopt the double standard, will come from Germany, how much will come from India, and how much will come from China and all Asia, from all quarters of the world. I know of these questions, but I do not know sufficiently of the facts, authentically, to justify myself in casting a vote on them, and therefore I urge the adoption of the resolutions appointing the Monetary Commission. [Cries of "Vote! Vote!"]

Abram S. Hewitt [N. Y.] supported the bill in a long speech in which he exhaustively discussed the objections to the Bland bill for the coinage of silver and its restoration to legal-tender value. Indeed, his discussion took on the character of a treatise, with the title of "The Use and Abuse of Silver as Money." It will be found on page 283 of the Appendix to the *Congressional Record*, 1875-76.

At the close he spoke as follows of the international character of the silver question and the need of appointing a commission of experts to investigate it in all its bearings:

The Bland bill proposes a revolution before which all political questions sink into insignificance; it undertakes at the heels of the session, and practically without debate, the decision of one of the greatest and the gravest questions now before the world; one which has already involved the Indian Empire in disaster and bankruptcy; one upon which a British commission

has been in session for months; one upon which a committee of the House of Peers of the French Republic has been and is still in session; one which seriously disturbs the German fiscal system and has caused the Latin Union to stop its coinage; one upon which the wisest and best political economists of the world are in doubt and at variance. This great question, which affects every household throughout the civilized globe, is sought to be disposed of by an inappropriate committee of this House as the doorkeeper would brush away a cobweb from one corner of this hall.

If these gentlemen really desire to deal intelligently with this great question, let them withdraw their bill and support the concurrent resolution now pending for the appointment of a commission of competent experts to consider this matter in all its bearings, political, financial, and social, and to report the results of the investigation at the next session of Congress, when they can be discussed with deliberation, good temper, and calm judgment, so that the really serious interests involved may be cared for with wisdom and with statesmanship.

The concurrent resolution appointing the monetary commission was adopted by a vote of 132 to 31. The Senate concurred in the resolution on August 15. The members of the commission were: *Senate,* John P. Jones [Nev.], George S. Boutwell [Mass.], Lewis V. Bogy [Mo.]; *House,* Randolph L. Gibson [La.], Richard P. Bland [Mo.], George Willard [Mich.]; *experts,* William S. Groesbeck [O.] and Professor Francis Bowen, of Harvard University, author of "Principles of Political Economy."

Report of Monetary Commission

On March 2, 1877, the commission presented its report—a most valuable document to students of finance because of its lucid summary of the history of the precious metals and of the various theories in regard to money.

Three members, Jones, Bogy, and Willard, believed that the United States should remonetize silver without regard to the future policy of Europe, and that a law should be passed fixing 15.5 to 1 as the standard of relative values between silver and gold in this country.

Groesbeck and Bland favored the remonetization of silver at the old relation in the United States of 16 to 1.

Boutwell expressed the opinion that it was not expedient to coin silver dollars to be a legal tender, and that the introduction of silver as currency should be postponed until the effort to secure coöperation of other nations had been faithfully made.

Bowen and Gibson thought that a double standard was an illusion and an impossibility, and declared the proper place for silver in the monetary system to be that of subsidiary or token currency, considerably overvalued by law, and a legal tender only within certain minor limits. They advocated the coinage of silver dollars of 345.6 grains, to be legal tender for sums not over twenty dollars, and to take the place of all paper currency of less denomination than five dollars.

During the session of 1875-6 the Senate passed a joint resolution authorizing the President to appoint commissioners to attend an international conference upon the relative values of gold and silver. The resolution was brought before the House during the next session.

International Monetary Conference

House of Representatives, January 10, 1877

Mr. Bland opposed the resolution.

This silver question has been debated for the last year, both in Congress and out of Congress, and after we have remonetized silver and taken the initiative and shown a determination to go back and resume specie payments where we left off with the double standard, it will be time enough for this Government to ask a commission upon this subject.

Let us take a step as a nation first. Let us act upon our own responsibility on this question, and then ask other nations to comply with our reasonable demands. It is simply a question before the people of this country and other nations, whether one-half of the money of the world shall be stricken from circulation and values reduced one-half; whether a man who owes a hundred dollars and whose wages for his work amount to $100 a month, so that he can pay his debt by one month's work, shall be required to work two months to pay his debt

because of the reduction of the value of labor induced from a scarcity of money, and whether that rule shall apply to all the debts of this nation. It is simply requiring a double amount of work or produce to pay the debts due in the civilized world. I hope this Government will act independently of foreign nations. We have had enough dictation from foreign powers upon this subject. Let us go back and remonetize silver. I believe it was at the instance of foreign emissaries that silver was demonetized.

The objection I have to this bill is that it involves the delay and postponement of this subject, when the people of this country are demanding action by this House and the other branch of Congress. And I will say that in my opinion that is the object of this joint resolution, to give some excuse, to afford some plea, for stifling the voice of the people of this country. I stand here in opposition to any measure or any proposition that proposes to postpone the desire of the people of this country, and to continue to grind men into the dust at the dictation of monopolized capital. If the Senate desire to thus postpone action on the silver bill, let it not be said that this House has concurred with them in passing this resolution for that purpose. I hope this House will afford the Senate no opportunity of shifting upon us the responsibility of delay in this matter. This House passed the silver bill by over two-thirds majority. Let us stand by that record and demand that the Senate shall act upon it or take the sole responsibility of their non-action. We will not share any of the responsibility of their shortcoming by telling them to postpone the subject till all nations give their assent.

Mr. Hewitt supported the resolution.

Mr. Speaker, I was very much surprised that the opposition to this resolution should have come from the same quarter as the advocacy of the Bland bill remonetizing silver. The advocates of that bill seem to think that this resolution is in some measure antagonistic to the proposition that silver shall be again made a legal tender. On the contrary, if silver is again to be made a legal tender in the United States, it is indispensable that there should be an agreement among the leading commercial nations of the world as to the relative value of gold and silver in order that the latter may maintain its position as legal tender. The reason is very obvious. If we alone undertake to give a definite value to 412.8 grains of silver and call

it equal to a dollar in gold, when it is not worth so much, we must buy all the silver of all the rest of the world and sell all the gold which we now have or are likely to have in circulation.

Under these circumstances—because we are a silver-producing nation and because we want it to bring a good price—because we want to pay our debts with silver—it is indispensable that there should be an agreement among the commercial nations of the world as to the ratio of convertibility between gold and silver.

Now at the present time the leading advocates in Europe of the reëstablishment of the double standard are Mr. Ernest Seyd and Mr. Henri Cernuschi. The latter gentleman, who is to-day in the city of Washington, is the most eminent and probably the most learned advocate now living of the remonetization of silver. And it is his mission here, as he has proclaimed it throughout Europe, to urge the necessity of bringing about this international conference in order, if possible, to come to some agreement as to the convertible value of gold and silver. It is in order that silver may be re-introduced, as it is possible it will have to be, into the commerce of the world as a standard of value that this conference is indispensable.

Gentlemen seem to fear that if these commissioners should be appointed they are going in some way to bind the United States to unprofitable engagements to sell out the interests of this country. Why, Mr. Speaker, the resolution on its face purports only to be what it is in reality: a proposition for a conference to ascertain whether an agreement can or should be brought about. Of course such an agreement, before it can be effectual, must be the subject of treaty between the nations concerned; and the whole matter will come before us in a definite and distinct form before it can be finally concluded. In no other way can the objects aimed at by the advocates of the Bland silver bill be reached. The passage of this bill is essential to the success of their plans, if success be possible, and I am, as I said before, quite at a loss to comprehend the grounds of their opposition to a measure which looks to placing the continued use of silver as money upon a stable basis, by agreement among the leading commercial nations. Whether with such agreement the maintenance of a double standard of value is possible may well be doubted; but without such agreement it is surely impossible; and, if the Bland bill should be enacted into a law, we shall simply put the United States

in the same category with India and China, and step back two centuries in the march of progress.

The resolution was rejected by the House, and the motion to reconsider was, on January 16, 1877, laid on the table by a vote of 127 to 104.

Free Coinage of Silver and International Monetary Conference

Senate, December 6, 1877–February 15, 1878

On the same day [see page 57] upon which Senator Stanley Matthews [O.] moved his resolution declaring silver money full legal tender the Band bill for the free coinage of silver, which had passed the House during the preceding session, was made a special order in the Senate. On December 13 William B. Allison [Ia.] moved as an additional section that immediately after the passage of the act the President should invite the governments in the Latin (monetary) Union, and such other governments as he deemed it advisable to invite, to join the United States in a conference to adopt a common ratio between gold and silver coin, and to establish bimetallism internationally.

The bill came up for discussion on January 28, 1878. It was debated at great length, the chief point of discussion being Senator Allison's amendment.

Justin S. Morrill [Vt.].—Politically, commercially, and morally, American influence, active or passive, is recognized in nearly every quarter of the globe. Broad as are our boundaries they do not limit the extent of our directing power; nor are we so far away and so insignificant as never to feel the tread and the invisible sway of foreign nationalities. When, therefore, a measure is before us that may change our habits or that may involve the daily dealings and in some degree the prosperity not only of forty-five millions of our own people, but which may touch the interests and provoke the action or counter-action of a considerable portion of the civilized world, it becomes our duty to give the measure thorough investigation and to reject or accept it only after deliberate scrutiny and

ample information. What we cannot mend we should not botch. Our example should not go down as foolishness among the nations, hereafter to be a reproach adhering forever to our own people. Our good name must be preserved.

We are the largest producers of silver, as well as of gold, and seek for both a permanent market, not an ephemeral nor a fickle one. Can this be realized by our separate, headlong adoption of a low-built silver standard, or will it not be more likely to be realized through the concurrent and possibly more scientific action of leading nations? The idea that by promptly coining silver dollars we can drive Europe to follow our example will work like driving an Irish pig, by contraries, and Europe will be sure to go off in the opposite direction. I am persuaded that an increased, fixed, and stable value to silver cannot be secured by our action alone, except for the moment or while we may be reckoned among its temporary purchasers; but if secured at all, which I am inclined to doubt, it must be secured by the combined action of Europe and America. Even this mode of advancing or maintaining the price of silver may have insuperable difficulties. If attempted by us alone it must surely turn out a stupendous failure, accelerating its ultimate declension in value instead of raising it, and the United States would swiftly become the common dumping-place where other nations, to free themselves from depreciated silver, would ship and unload their troublesome surplus. After that, with all room for it here exhausted, its further slide downward would proceed without let or hindrance, and without hope of future recovery.

Unquestionably some part of the value of gold or silver accrues from the more or less universal use and acceptance of each as money. There is a large and steady demand thus created for the metals, their weight and fineness are fixed, and that is all the "divinity that doth hedge" a legal-tender law. The omnipotence sometimes fanatically ascribed to such a law has no better foundation than the legendary virtues of the philosopher's stone and cannot change the swarthy Ethiop's skin nor the leopard's spots. Only among savages can glass beads be preposterously and successfully anything more than glass beads. Even the ancient Czar of Russia could not, when he tried it, make copper money pass as the equal in value of silver.

Let me quote from a speech made here April 1, 1874:

The value of gold is not affected by the stamp of government. That is merely the final and reliable evidence of its weight and fineness.

These words came forth clothed with the high authority of the Senator from Nevada [John P. Jones], and yet we have it now suggested in some quarters and asserted in others that there is power in legal-tender laws to give to silver many times its present value or to sink gold even to the level of silver. We are expected to believe this, and also that neither the future product nor the value of the one could then be increased nor of the other diminished. But a holy alliance of all the governments of the universe to make the ratio of silver 1 for 1 of gold, exchangeable pound for pound, would be as ineffectual as any decree ever issued by Sancho Panza while governor of the island of Barataria. Legal-tender of the present day must be in harmony with commerce, with science, and with the overwhelming judgment of mankind, or it will be ranked as a lame and limping subordinate, and made to stand aside for something more worthy of an enlightened age in the chief transactions of the world. It admits of some doubt whether stability and uniformity in the valuation of gold and silver, according to any recent ratio of a bimetallic standard, can be maintained, even by the coöperation of all the leading nations, when either metal far overleaps the other in the quantity produced or in the quantity required for coinage. Wholly demonetize either metal, thereby reducing its consumption, and the arts, encouraged by genius, skilled labor, and wealth though they be, would fail to employ it except at a correspondingly reduced valuation. The overmastering condition of an approximation toward the restoration of silver to its former noble position, as the co-partner of gold, everywhere dominant in the shape of money, is a concurrence of the major part of the enlightened nations in its more extensive use as a standard measure of value, upon a fixed ratio with gold, wisely adjusted and internationally and unalterably accepted. But this concurrence of nations, however exalted in theory, it is to be feared will be found in practice a long-postponed financial millennium. As a last resort it may yet be well to try some energetic diplomatic expedients, in order, if possible, to effect this concurrence and avert the dethronement of silver from the remnant of sovereignty it now enjoys.

The report of the commission, so recently laid upon our desks, was not presented in season to be of practical service at the last session of Congress, and its conclusions, after a long incubation, are found at length to be in favor of nearly such a bill as that which suddenly burst forth and has come to us from the House, or of an unbounded issue of silver, and

of making it an unbounded legal tender, though upon a new ratio, according to the views of some of the members of the commission, of 15½ to 1 of gold, or of 16 to 1, according to the views of others. In fact the ratio seems to have been an impassable bridge to the commission. They agreed not to agree, four to three.

While I have great respect for the ability of the commission and for their very able and elaborate presentation of the subject, including the essays of their clerks, they have yet failed to induce me to renounce my own opinions, only because I cannot disregard my higher obligations to what I conceive to be truth and to the welfare of the country. The majority seem to have determined wholly to supplant our gold standard, which has had practically an uninterrupted and prosperous existence, excepting during the present paper interregnum, for more than forty years, in order to make more room for silver. To them the recent lower valuation of silver by the Old World is a grievous wrong, which all the silver-shielded knights of America are called upon at once to redress. They will pardon me, I hope, if I suggest that in pushing the fortunes of silver, of which the world at present appears to have a surfeit, they seem to have adopted the main idea of the boarding-house keeper, who frankly avowed that the system on which she conducted her establishment was "to find out what her boarders didn't like and give 'em plenty of it."

The commission favor the remonetization of the silver dollar, but of a dollar containing so little of present value that it would at once demonetize gold, and send more of that out of the country than can possibly be coined of silver in four years. They assume, indeed, that a law of the United States will "establish exactly and permanently an equivalency between them"; but they so significantly and with such unction proclaim that, "a fall in the value of either or of both of the metals" has always "proved a benefaction to mankind," that it is impossible not to perceive that their highest purpose will not be consummated without such a "benefaction." Surely they do not intend to bring about a rise in the value of silver, as that, in their estimation, would be one of the greatest of disasters; and, let me add, might deprive them of the support of all those who are enraptured with the idea of sponging or scaling debts.

Senator Morrill then discussed the probable cause of the recent depreciation in the value of silver.

A fall in the price of any staple product often precedes an abundant harvest. It is the shadow of a coming event. A large cotton crop has frequently been sold in the aggregate for less than a much smaller crop of a previous or subsequent year. This effect of production upon prices is the universal law. It logically follows that silver, especially while widely divorced in Europe from its most potential legal-tender attribute, must be subject to the same inflexible law; and, when it is shown that the world's stock of silver within a brief time has largely increased, and that its annual production has been more than doubled since 1860, or has risen from $40,000,000 to over $80,000,000, with some telling evidence that indicates a further increase in both North and South America, we know at least one of the elements which must have largely contributed to its rapid depreciation. The volume annually required having been doubled, a sinking in value became inevitable. Years ago Humboldt declared that the mines of New Spain (Mexico) contained silver enough to deluge the world, and the world has been deluged, but the flood seems augmented from unexpected sources. Silver once derived great value from its scarcity and cannot escape some degradation from its abundance.

It is true that this might have been averted if new markets could have been found at once to absorb the unexampled supply; but, instead of that, many of the most important old markets have been abruptly closed, with no new outlet opening in any quarter and with Germany, not as formerly a considerable buyer of silver, but a very large, inconvenient, and obtrusive seller. Plenty of sellers makes silver cheap—will make anything cheap. Whether all markets have been glutted or not, the fact is obvious that, excepting the United States, there are now few heavy purchasers of silver, and even light purchasers have grown cautious and shy.

From this outlook it would seem that Europe has almost determined to cut loose from silver, with the exception of so much as may be required for subsidiary coinage, everywhere now largely adulterated or light in weight, and only kept in circulation at par by a rigid limitation of the amount issued and of the amount allowed as tender on debts. Certainly any large market for silver in Europe for years to come must be hopeless, unless a fundamental change of policy shall soon occur. Whether they need it or not they apparently do not intend to have it. This attitude of so many nations, which have heretofore given much of the value to silver by circulating it freely as money, it is to be greatly apprehended, may tend

to its ultimate permanent depreciation and instability, unless the wide-spreading abandonment of silver can be arrested by a convention of all the nations most deeply interested. The ponderous volume afloat is altogether too great to be immediately absorbed by one nation or perhaps by half a dozen nations. In the United States lightning was once drawn down from the skies with a kite, but single-handed most assuredly there is no "kiting" experiment by which the stable value of silver can now be uplifted and maintained.

Little aid can be expected from those nations which adhere to and practically use the silver standard. Their commerce is insignificant, and hardly amounts to a tithe of that of England alone. Compared with our own, their commerce is a bagatelle and their credit a satire and a snare.

Senator Morrill here discussed the legislative and economic causes which had led to a diminution in the demand for silver in various countries. "The margin of profit in buying silver rupees in England at one shilling and sixpence and selling them in India at two shillings sterling will soon disappear," being too great to last. India is coveted now as a market, not so much for silver as for manufactures, and this was intercepting the flow of silver thither.

Japan had established a gold currency, and China was calling for help from the depreciation of silver. Indeed, at times it was deporting this metal. The British colonies were following the gold standard of the mother country.

While the annual production of silver exceeds all former limits by more than 100 per cent. it is manifest that the usual markets have been overloaded or sadly curtailed. Under these circumstances nothing less could be reasonably anticipated than a sharp and remediless depression in the price and value of silver. This has already occurred; and, though it may vacillate and even for the moment halt, the ancient level cannot be regained. From being itself once a standard measure of values, utilized, and holding at least a divided empire in the coinage of a large portion of the world, it has come to be a commodity as variable as to market price as tin or copper. It appears to be no longer clinging to gold, sharing equal fortunes in the magical patronage of all commercial nations, but takes the

subordinate position of replacing the wear and tear of token coinage for minor transactions and of cheaply and not less usefully supplying the ordinary wants of the arts and manufactures. As coin—without a radical change in the policy of Great Britain, of Germany, and of the Latin nations—it is to be feared that it cannot be made to much exceed its value as bullion, except where the amount of coin issued is very narrowly restricted. Whether resulting from natural causes or by accident, a lower general valuation of silver, as a raw material or in any other form, is a fact accomplished, and its daily fluctuations are henceforth likely to be as coolly chronicled as the rise and fall of pig-lead or pig-iron.

Any attempt upon the part of the United States alone to stop this revolution by a taurine demonstration in the market, or by becoming the boldest and almost the only large purchaser of silver, would be as futile as Mrs. Partington's attempt to mop up the Atlantic and as unprofitable as would be an attempt by a single soldier to surround the nomadic warriors of Sitting Bull. Large purchases or large withdrawals of silver bullion from market may no doubt temporarily or locally somewhat advance the price of silver, but not to stay advanced; and if the United States shall inflate the pockets of the people with silver money far above its value, until they have neither inclination nor capacity for more, the price will then go down to its predestined level. The conclusion cannot be avoided that the present large annual supplies of silver will not, in any mode or manner now known, continue to be consumed at the old valuation; and the price of the entire stock, old and new, must stand, so long as Europe abandons its unlimited use as coin, where the world can still afford to use the whole of it. It will not lie idle nor be buried in napkins, but will be sold for the most it will fetch.

The United States cannot, any more than Mexico or South America, for any protracted period be expected even to furnish a market for its own vast domestic supply. A large share of it must find a vent elsewhere and abroad. Even with our mints in full operation we could not annually coin the silver bullion from our own mines, but, were they all in operation, what would prevent the foreign stock of silver, now eagerly seeking a market, from competing with the American production? Already it has been persistently knocking at the doors of the United States Mint and knocking down the price. The American mines are in their infancy and promise extensive future development. They are wondrously fertile and no doubt will be

prosperous in their aggregate results; but no legislation, even by excluding foreign silver, can give them protection against their own home rivalry so long as production largely outruns consumption. Adequate protection unaided by any foreign demand or coöperation is impossible.

It may be true that the value of silver will stand at not less than the cost of production from the least fertile mine that continues to be permanently worked. But silver will not rise in value so long as the world's stock largely exceeds the demand, for its price will then pay no heed to original cost nor to legislative enactments. Thus far there does not appear to be any diminution of foreign supplies in consequence of the extraordinary production of the Comstock lode. The cost of mining silver in the United States has been largely reduced by the new and, for the purpose, admirable steam-crushing machinery, an improvement nearly as important in cheapening the production of silver as was the cut-nail machine in making nails or as the cotton-gin in cleaning cotton. As much silver mining can now be done in one year as could have been done in twenty, ten years ago. There is also the further material advantage obtained in the process of reducing silver ore, through the comparatively low cost of California quicksilver, indispensable to the miners, which few other silver-producing countries find so near at hand.

These advantages are to some extent offset by the cheaper labor employed in other countries; and the general yield of silver is likely to be larger, rather than smaller, for many years to come. The mines worked prior to the Christian era or the days of Cæsar are still held to be inexhaustible; as are those which fired the zeal of the conquerors of Mexico and Peru, and nearly all the silver mines of the world appear about as productive to-day as when first opened, though newly discovered mines more fertile may affect their profits. Certainly the millions of silver steadily flowing from Nevada, garnished with other and only less millions of gold, will not long wait for a better market or a more appreciative age. The miners are after it, splitting mountains in twain and probing earth's innermost recesses, and mean to have it. If it were the treasure of Captain Kidd it could not escape their ardent pursuit. What has been produced, it is claimed, is as nothing compared with what will be.

In all ages the value of the precious metals has been little above the average cost of production, until the opening of the mines in Nevada, supplemented by those of other surrounding

localities; and the profits of the mines, even in Mexico and South America, may ere long be augmented by American energy and American machinery, and certainly will sink below a fair day's pay for a fair day's work before they will be abandoned to future enterprise.

The policy of making silver an unlimited legal tender, at anything above its real value, with the idea of elevating it to the par of gold, would result in national disaster, would flout the registered experience of mankind, and is little less preposterous than it would be to attempt by legislative witchcraft to make the baser metals circulate as money, high above their market value, by a mere legal-tender declaration. Any metallic legal tender must be kept at or near the cost at which it can be produced. If above this rate, then illicit or contraband coin is sure to be introduced, as the imitative art of coin-making is not difficult, and cunning workmen, at home and abroad, are not deficient in numbers or audacity. Any jury would be reluctant to hang the skillful and generous rascal who should make and vend just as good money as the Government itself. The profits upon such counterfeiting would be tempting and detection impossible. No government ever succeeded with an unlimited metallic legal-tender currency much above its intrinsic value, and whenever it has been attempted the result has been the issue not only of a currency depreciated, not only a currency to be refused by all those having the power of refusal, but of a currency which creates adverse exchanges with all the rest of the world. Where one pound of gold will buy in the open market seventeen and a half pounds of silver, there is no legislative alchemy in the conversion of silver into coin by which either fifteen and a half or sixteen pounds of silver can be exchanged for a pound of gold.

If we should be compelled or should choose to retain the mono-metallic standard of gold, as it has practically existed with us since 1834, there is no country where it could be maintained more buoyantly or with greater facility than in the United States. Undoubtedly it is destined to further depreciation, but never to rapid depreciation. We are one of the very largest gold-producing countries, and even our so-called silver ores literally present "apples of gold in pictures of silver," as they contain nearly as many dollars of one metal as of the other. What reserves are yet to be brought forth from all of our gold-embroidered plains and mountains, extending from Canada to Mexico, who can foretell?

Whether a single standard of gold shall continue practically

in force or not for the next forty years, as for the last, it seems incontestable that we have now more ability, with all of our known auriferous wealth, to uphold such a standard than we have ever had heretofore or than can be claimed by Germany or even by Great Britain, both being wholly barren of native gold. Two of our States, Texas and California, among the most prosperous of any in the Union, have tolerated no other money than gold. No crises overwhelm their well-founded industries; few disasters happen to their trade; and they may well feel proud of their solid and uninterrupted prosperity. Storms may come and the winds may blow, but gold is the rock of their salvation. New York, the most populous State in the Union, has already provided by her own legislative action, happen what may elsewhere, for resumption of specie payments on the first day of January, 1879; all taxes and canal tolls are to be paid in gold and all contracts after that date are to be payable in coin. Is there any other State that assembles more legislative wisdom or that has a deeper interest in the general prosperity of the country than New York? Her voice gives forth no uncertain sound, though it may be stifled by the jingling of the silver bill. None of our States can maintain an exclusive silver standard without immense loss, but to the cotton, wheat, and corn growing States it would be a peculiar hardship. The prices of their products being wholly controlled by the price of the surplus exported, they have a direct interest in maintaining a money standard in harmony with that where our great staple crops find a market.

The present stock of gold in the United States, amounting to not less, I am confident, than $200,000,000, and daily increasing, almost to the extent of our large domestic production, with the balance of trade, until very recently, long and immensely in our favor, makes a gold standard not only practicable but almost unavoidable. Within the last ten years we have received from customs nearly $1,800,000,000 in gold, and have actually sold for paper over $500,000,000 in gold at a profit of over $100,000,000. Our wheat and corn, cotton and petroleum, will always command gold, as will our bonds. With our mints in active operation for six years we could hardly produce as much silver coin as the country now holds in gold. For resumption of specie payments in gold we are nearly ready; but for resumption in silver we have not the first dollar. Certainly we have the right to do a foolish thing, but it is our interest to do a wise one. Can it be a wise thing to banish gold?

It is claimed that the freedom of coinage would at all times

regulate the amount of coin in circulation in accordance with the wants of trade, and that every needy man would then find the needed silver dollars in his pockets. Whether the coinage would be regulated by the amount in circulation or by the amount of marketable bullion on hand admits of very little question, and that little would be solved entirely in the interest of bullion-holders. It is very apparent, however, that, with free coinage minted and unminted silver would soon have, according to weight, the same value, and that value would be regulated not by the volume of coin, but by the volume of both. Silver bullion would be worth just as much before as after being fabricated into coin, whatever might be its denominational value. The chief service of the United States mints would be like that of mills where all grists are ground free of toll, and they would become the special workshops of the owners of silver bullion, gratuitously manned and supported by the nation, but controlled by anybody and everybody. The raw material would be furnished, but the Government would be called upon to manufacture it, not only without a large percentage of profit, but at an actual expense of 1½ per cent., or by an annual subsidy to the owners of silver bullion of from $500,000 to $750,000.

Whatever possible and glimmering chance there might be of elevating a limited amount of silver coinage to the high plane required as a standard measure of value would be dissipated by the final consummation of the new silver policy, which, being fully disclosed, has been found to include the extraordinary plan of elevating with equal pace the whole world's fast-growing stock of silver. The wisdom of attempting to push this last part at the present moment may be disputed, but it is the fixed and essential part of the silver policy as avowed by its most potential advocates, and they appear about as positive in their new philosophy as was Comté when he said he "could have made a better solar system than the real one" and declared he "would have made it always moonshine at night." They would evidently have it all moonshine.

The gold standard, it may confidently be asserted, is practically far cheaper than that of silver. I do not insist upon having the gold standard, but, if we are to have but one, I think that the best. A careful examination of the subject conclusively shows that the loss by abrasion is nearly in proportion to the length of time coins have been in circulation, and to the amount of surface exposed, although small coins, being handled oftener and with less care, suffer most. The well-

ascertained result is that it costs from fifteen to twenty-five times more to keep silver afloat than it does to maintain the same amount in gold. To sustain the silver standard would annually cost about 1 per cent. for abrasion; but that of gold would not exceed one-twentieth of 1 per cent. This is a troublesome charge forever to bristle up in the pathway of a silver standard. It must also be borne in mind that the mint cost of coining silver is many times greater than that of the same amount in gold. More than sixteen tons of silver are required as the equivalent of one ton of gold. As a cold matter of fact, silver is neither the best nor the cheapest standard. It is far dearer to plant and forever dearer to maintain.

A double standard put forth by us on the terms now proposed by the commission or by the House bill would be so only in name. The perfect dual ideal of theorists, based upon an exact equilibrium of values, cannot be realized while the intrinsic value of either of the component parts is overrated or remains a debatable question and everywhere more or less open to suspicion. A standard of value linked to the changing fortunes of two metals instead of one, when combined with an existing disjointed and all-pervading confusion in the ratio of value, must necessarily be linked to the hazard of double perturbations and become an alternating standard in perpetual motion.

The bimetallic scheme, with silver predominant—largely everywhere else suspended, if not repudiated—is pressed upon us now with a ratio that will leave nothing in circulation but silver, as a profitable mode of providing a new and cheaper way of pinching and paying the national debt; but a mode which would leave even a possible cloud upon our national credit should find neither favor nor tolerance among a proud and independent people.

The proposition is openly and squarely made to pay the public debt at our option in whichever metal, gold or silver, happens to be cheapest, and chiefly for the reason that silver already happens to be 10 per cent. the cheapest. In 1873, to have paid the debt in silver would have cost 3 per cent. more than to have paid it in gold, and then there was no unwillingness on the part of the present non-contents to pay in gold. Silver was then worth more to sell than to pay on debts. No one then pulled out the hair of his head to cure grief for the disappearance of the nominal silver option. Since that time it has been and would be now cheaper nominally to pay in silver if we had it, and therefore we are urged to repudiate our

former action and to claim the power to resume an option already once supposed to have been profitably exercised, of which the world was called upon to take notice, and to pay in silver to-day or to let it alone to-morrow. I know that the detestable doctrine of Machiavelli was that "a prudent prince ought not to keep his word except when he can do it without injury to himself," but the Bible teaches a different doctrine, and honoreth him "who sweareth to his own hurt and changeth not." If we would not multiply examples of individual financial turpitude, already painfully numerous, we must not trample out conscience and sound morality from the monetary affairs of the nation. The "option" about which we should be most solicitous was definitely expressed by Washington when he said: "There is an option left to the United States whether they will be respectable and prosperous or contemptible and miserable as a nation." Our national self-respect would not be increased when Turkey, as a debt-paying nation, shall be held as our equal and Mexico as our superior. The credit of a great nation cannot even be discussed without some loss; it cannot even be tempted by the devious advantages of legal technicalities without bringing some sense of shame; but to live, it must go, like chastity, unchallenged and unsuspected. It cannot take refuge behind the fig-leaves of the law, and especially not behind a law yet to be made to meet the case.

The argument relied upon in favor of a bimetallic standard as against a monometallic seems to be that a single-metal standard leaves out one-half of the world's resources; but the same thing must occur with a bimetallic standard unless the metals can be placed and kept in a state of exact equilibrium, or so that nothing can be gained by the exchange of one for the other. Hitherto this has been an unattainable perfection. A law fixing the ratio of 16 or 15½ of silver to 1 of gold, as proposed by different members of the commission, would now be a gross overvaluation of silver and wholly exclude gold from circulation. It will hardly be disputed that the two metals cannot circulate together unless they are mutually convertible without profit or loss at the ratio fixed at the mint. But it is here proposed to start silver with a large legal-tender advantage above its market value, and with the probability, through further depreciation, of increasing that advantage by which the monometallic standard of silver will be ordained and confirmed. The argument in behalf of a double standard is double-tongued, when in fact nothing is intended, or can be the outcome, but a single silver standard. The argument would wed silver and

gold, but the conditions which follow amount to a decree of perpetual divorcement. Enforce the measure by legislation, and gold would at once flee out of the country. Like liberty, gold never stays where it is undervalued.

No approach to a bimetallic currency of uniform and fixed value can be possible, as it appears to me, without the coöperation of the leading commercial nations. Even with that coöperation its accomplishment and permanence may not be absolutely certain, unless the late transcendent fickleness of the supply and demand subsides, nor unless the ratio of value can be adjusted with more consummate accuracy than has hitherto been found by any single nation to be practicable. One-tenth of 1 per cent. difference will always exclude from use one or the other metal, but here a difference nearly one hundred times greater has been proposed. The double-standard nations and the differing single gold or silver standard nations doubtless contributed something to the relative equalization of values so long as they furnished an available market for any surplus of either metal, but this they are doing no longer. Silver, though not yet universally demonetized, is thrown upon the market in such masses and from so many prolific sources as to be governed by the inexorable laws of demand and supply. Its magic as coin, if it has not hopelessly departed, has been, like the retreating soldier, fearfully "demoralized," and is passing to the rear.

Whatever change may be made in our monetary standard will not give us the slightest advantage in the prices of any commodities we buy or sell abroad. Foreign merchandise, whether dress-goods or iron, upholstery or salt, champagne or hardware, must still be paid for upon the gold standard of prices; but our own products, cotton, beef, corn, and wheat, will all be in the market, at the option of the purchaser, for either silver or gold, and will always be paid for in the cheapest currency. Commerce conducted on such a shifting basis—buying with the dearest and always selling for the cheapest—must manifestly be greatly to our disadvantage. The people with a cheaper currency always suffer most in exchange, whether buying or selling. The whole domestic trade of the country would also be equally exposed to the instability in the value of silver, lately so glaringly exhibited, with which greenbacks would be necessarily lagging behind, and prices of commodities would be increased or diminished in proportion to the daily risk. Labor alone—including that of salaried ministers and judges—would be forced to accept the silver dollar of far less value than our

present paper dollar, without higgling for anything better, and the wages of labor would not escape a silent and sinister, but certain reduction. It would have to resort to the merciless and futile remedy of strikes or give a dollar's worth of work for ninety cents in silver.

The United States would make a clumsy and most unprofitable mistake by making silver, in the guise of a bimetallic standard, practically an exclusive standard of value, unless at the same time other nations shall be first persuaded to unite in the same policy; and other nations just now appear very stubbornly to prefer the gold standard. We must wait for their conversion. There is no reason why we should move now, except that given by the man, when met with the question of an irate wife as to why he came home so late at night, who answered, "because all other places are shut up." All other doors to silver certainly appear to be shut up. Even the nations nominally upholding the silver standard are nearly all using nothing but paper greatly depreciated. An enterprising people as we claim to be, and have some reason to think we are—having commerce in almost every port and harbor on the globe, and full of invention, energy, and daring ambition—must use as money what the world everywhere accepts as money. No standard that is destitute of international recognition can be of uniform value or be tolerated or long endured in the United States. In peace or war, in shop or field, on land or sea, the best implements of service belong to us and should not be altogether alien from our standard of money. The natural aptitude of the American people for trade and commerce, the leading position they are soon expected to occupy, would be repressed by withholding from them one of the cardinal business instrumentalities or by depriving them of that kind of money which is good either at home or abroad, for wholesale trade as well as retail. We are bound to develop and utilize the full forces of the nation, and we should not wholly reject English, German, and French experience without some distrust of our own statesmanship. Our foreign exchanges have been for many years, and must be for years to come, wholly regulated upon a gold basis. The cost of exchange is the barometer which unerringly proclaims the depreciation of paper money and would just as surely expose the deficiencies of silver. A silver standard, or a bimetallic standard so adjusted as to banish gold from circulation, however acceptable to moss-covered, non-progressive communities, where their standard food may be rice and rats, and where women appear in the field and men do

not appear at the ballot-box, cannot fulfill the requirements of the American people. They want and must have the best.

To dispense entirely with the use of gold by the substitution of silver would be an economical blunder of the first magnitude, and we might with almost equal propriety dispense with railroads and go back to beasts of burden, or discard gunpowder and rifled cannon in order to "rehabilitate" human muscles and wooden cross-bows.

The commerce of modern times is incomparably greater than in former ages or when it was rigidly confined to a system of barter; but the more recent extensive introduction of paper money currency, bills of exchange, and bank-checks, convertible into cash at the will of the holder, those "wagons through the air" according to Adam Smith, have largely superseded both the holding and moving of large amounts of a metallic currency. The electric telegraph transfers credits from San Francisco to London and from New York to Hong Kong more swiftly than by the incantations of a magician. Even the accounts-current among traders or offsets of sales against purchases greatly reduce the amount of money passing from hand to hand. It is only the small remainders due after the final adjustments of trade which must be paid in coin or its equivalent, or less than 5 per cent. of paper money and only half of 1 per cent. of coin, and it is manifest that commercial transactions of greater magnitude than those in earlier days may be, and are, conducted now without the intervention of as much gold and silver as was once required. Where a sound, convertible paper currency prevails it is so much cheaper as well as more convenient that it cannot and should not be supplanted by anything more expensive and difficult to handle.

If it were to be declared that a peck measure should hereafter be counted as a bushel measure, in process of time we might become habituated to it; but if the peck measure had also a movable bottom and sometimes held but six or seven quarts instead of always eight, it would prove an intolerable cheat. Silver, as it seems to me, has no longer the stability required to withstand the lightest breeze of the market-places, and will be bent or prostrated whenever exposed to any monetary storm at home or abroad.

It is asserted by some rather imaginative logicians that silver has not fallen, but that gold has risen in value. As ludicrously untenable as this assertion appears upon its face, it may not be wholly amiss to place once more upon record its conclusive refutation by showing that gold has not only not risen in value

as to other commodities in general, silver excepted, but that it has itself fallen in value and no longer wields the purchasing power it possessed twenty-five years ago. If this has been or can be shown, it will then appear that silver has not only kept equal downward pace with gold, but that it has had such alacrity in sinking as to find relatively a far lower deep.

That gold has not risen in value may be proven by a comparison, wherever the gold standard prevails, of the prices of various leading articles now, in uniform and constant demand, with the prices maintained years ago. For this purpose I refer to the laboriously and carefully prepared table of the London *Economist*. This includes forty-five staple commodities and exhibits the variations from 1845 to 1876. From this very elaborate comparison it is clearly shown that gold has diminished in purchasing power since 1850 more than 20 per cent. The depreciation of silver is therefore inherent and independent, greatly surpassing that of gold, and by no means can it be chargeable to any advance in the value of the latter metal.

The interests of the States and Territories producing gold are not less in amount than those which produce mainly silver. Nevada, a silver and gold producing State, claims now a population of fifty-two thousand; and California, a gold-producing State, had a population at the last census of five hundred and sixty thousand and probably one hundred thousand more now. Oregon, a growing empire on the north, certainly should not be wholly ignored; and yet it is proposed to sacrifice that interest which has given to it and to the whole Pacific coast perhaps its greatest historic prominence—that interest with which all of its industries, commerce, and affections are indissolubly interwoven —without giving to any other State or Territory any real or permanent benefit. The production of gold, even in Nevada, surpasses that of other States. Let us try to take care of both silver and gold, and in taking care of both to take care of nothing less than the whole country.

Certainly it may be questionable whether the interests of the silver-producing States and Territories would not be injured rather than promoted by a solitary attempt here to remonetize the silver dollar. A more extensive and continuous demand will be needed, and we cannot afford to encourage the wider disuse of silver as money in Europe by opening here to its idle surplus even a temporary though narrow market. If we would really restore silver to the monetary systems of the world and prevent its further degradation, we should refuse to touch it until other nations are ready to join us. The owners even of

silver mines, unless largely in debt, which would not often happen, will not be benefited so greatly as their ill-advisers seem to anticipate by making silver an unlimited legal tender, as its exchangeable value cannot thereby be permanently increased. For them it might be far better to make at once and forever a larger demand for silver by courting concurrent action among nations or by increasing the amount of pure silver in the coinage issued, so as to make it equal even now with the standard of gold. Such a standard would at least remove from it some share of the world's repugnance. It would be an honest dollar.

To adopt any measure now with a provision for a subsequent convention of nations would be like committing suicide with a promise to send for a surgeon to make a subsequent *post mortem* examination. Pass a silver bill with a ratio utterly discordant with gold, unsupported by any allies in Europe, and a step will have been taken that cannot be retraced for generations to come, and if ever retraced the process will be painful, difficult, and expensive. The blunder will be practically incurable.

It cannot be for the interest or the honor of the United States, while possessed of any healthy national pride, to resort to any expedient of bankrupt governments to lower the money standard of the country. That standard should keep us "four square" to the world and give us equal rank in the advanced civilization and industrial enterprise of all the great commercial nations.

I have failed of my purpose if I have not shown that there has been so large an increase of the stock of silver as of itself to effect a positive reduction of its value, and that this result has been confirmed and made irreversible by the new and extensive European disuse of silver coinage. I have indicated the advisability of obtaining the coöperation of other leading nations, in fixing upon a common ratio of value between gold and silver, before embarking upon a course of independent action from which there could be no retreat. I have also attempted to show that, even in the lowest pecuniary sense of profit, the Government of the United States could not be the gainer by proposing to pay either the public debt or the United States notes in silver; that such a payment would violate public pledges as to the whole, and violates existing statutes as to all that part of the debt contracted since 1870, and for which gold has been received; that the remonetization of silver means the banishment of gold and our degradation among nations

to the second or third rank; that it would be a sweeping 10 per cent. reduction of all duties upon imports, requiring the imposition of new taxes to that extent; that it would prevent the further funding of the public debt at a lower rate of interest and give to the present holders of our 6 per cent. bonds a great advantage; that, instead of aiding resumption, it would only inflate a currency already too long depreciated, and consign it to a still lower deep; that, instead of being a tonic to spur idle capital once more into activity, it would be its bane, destructive of all vitality; and that as a permanent silver standard it would not only be void of all stability, and the dearest and clumsiest in its introduction and maintenance, but that it would reduce the wages of labor to the full extent of the difference there might be between its purchasing power and that of gold.

I cannot avoid the conclusion that, while we may coin dollars containing as little silver as we please, yet they will not secure more than a local recognition, nor exempt us from frequent and great disasters; and at last we shall have none of that money which represents the combined wants of the poor and the rich not less than those of the great commercial interests of the human race.

On February 4 Thomas F. Bayard [Del.] opposed the Bland bill.

If this bill shall operate as it seems to me it must, according to its present provisions and adjustments of value, we shall take our rank with the Asiatics. Are we ready for that? Why, sir, if even that was the case and we could procure stability of values, there would be something comforting at least in that result. The great thing for honest dealing is not to settle present contracts; it is to fix future contracts; it is to give the unknown future certainty and to so fill the possibilities of justice. It is the want of fixity in the future that makes capital timid and which to-day deprives this country and the people of this country of that confidence which is essential for the restoration of their prosperity. But even if upon a silver basis, passing by the fact of its cumbersomeness, passing by its inconvenience in counting and transportation, passing by the fact that we must turn our silver money into merchandise whenever we approach an international transaction, yet I cannot pass by the fact that silver will not be a stable standard, but that as in the past so in the future it will fluctuate in its relation to the world's standard of value, which is gold.

Why, Mr. President, what a curse is this element of fluctuation and uncertainty of values. Owing to fluctuations in paper money there has been taken from this country in every year of the last decade more than it would have cost us to resume actually at any day during that period. It may be accepted as an axiom capable of demonstration *that all losses which arise from a fluctuating currency fall upon the producing classes of the country whose currency it is.* My friend from Mississippi [Lucius Q. C. Lamar] the other day put that statement in the form of a forcible apothegm when he said that every production of the people whom he represented, and chiefly cotton, the great staple of the Southern States, produced gold for every man except him whose labor brought it into existence. It is not only cotton; it is corn, tobacco, wheat, coal, whatever may be the commodity to which human labor is addressed for production. In America all of them have their price fixed in the gold standard of the English market.

Talk to me about our not recognizing our relations to the other nations! Where could there be a more practical illustration than your grain markets afford? Talk to me about our setting up a standard of values that shall not be affected when they come in contact or comparison with the standards of other nations! Why, sir, it is not reasonable, it is not just, it is not true. Therefore if we shall choose that metal as our standard which fluctuates in its relations to the standard used in the market where the prices of our products are fixed, then every loss in the shape of brokerage or insurance against fluctuation will be borne by every producer in our country. I believe it can be shown that every year that we have delayed the resumption of specie payments, and a return to the standard value of the world, has cost this country more than would actual resumption at any time during those years.

Mr. President, the remonetization by the United States of silver single-handed and alone will not restore its value to an equality with gold, nor I fear prevent a further decline, because if other nations shall release their silver it will inevitably cause a fall in the price of that metal which unaided we cannot prevent.

Mr. President, at this time this question is undergoing the most careful and elaborate examination in Europe. Not now only, but for years past it has agitated that small circle of profound thinkers who are continually studying causes rather than effects. There is before me an address to the King of Holland from the Society of The Netherlands for the Promo-

tion of Industry, which recognizes this fact, that Holland had been prosperous under a silver standard, but that under the late legislation of leading governments of Europe, to use the words of this society, being forced to "change its monetary legislation" most unwillingly were they yielding to a pressure on this subject which they could not avoid, "*to adopt definitely the gold standard.*"

This is not done voluntarily; it is the result of the overpowering coercion of neighboring legislation which that country was unable to resist. And here I will say that unless there shall be a correspondence between the adjustment of the relative values of these two metals under the laws of the United States and an influential number of foreign nations, we shall become necessarily a nation upon a silver basis only; that in order to maintain a double standard we must have coöperation to that end; and that this is the admission of the strongest and most decided advocates of the double standard in the United States as well as in Europe.

There can be found no respectable authority that will tell you that, without coöperation and what they call "general understanding" between the leading commercial nations of the world, can the relative values of these two metals be permanently fixed, or fixed sufficiently to justify the erection of a double standard in one country, and in our present condition, if the undervaluation of the silver dollar of 16 parts to 1 of gold prior to 1873 swept from us our silver, *a fortiori* the undervaluation in 1878 of gold 10 per cent. relatively to silver will sweep from us our gold still more rapidly and just as certainly. Is there a doubt of the truth of that proposition?

Do not let us suppose that by our passing a law single-handed and alone, without the coöperation of those with whom we are in association in industry and commerce, we can fix a standard which shall be maintained abroad and here. Gentlemen might just as well tie up the vane, the weathercock, and fix it in a certain direction, and believe that the wind will forever blow from that point. The relative value of the two metals must be justly fixed, otherwise one of them will be lost from the circulation in which they are sought to be placed.

Therefore I say I shall vote with pleasure for this amendment of the honorable Senator from Iowa [Mr. Allison], and in the meantime I shall be most willing to see coined freely this dollar of 412½ grains, provided it shall not be used in a way to disturb our measures of value and account. In other words,

as it is of lower bullion value than the dollar which we call it, we shall give it a limited power in the payment of debts.

In the meantime and while this process of coinage is going on we can propose the coöperation and general agreement of other nations to a ratio between the metals. If the amount is limited to a legal tender of $10 in any one payment, so as not to interfere with gold payments, then when this commission shall have made its return to us, when we have by treaty established some means of fixing and maintaining a double standard by force of the combined legislation of other nations with our own, then we shall be in a condition to take advantage of any result that may follow. If we have undervalued the coin we shall call it in and stamp it with the value that shall be agreed on. If we have overvalued the coin we shall simply add to it, call it in and stamp it according to the new arrangement.

In either case we simply should have added to the currency of our own country, and for amounts which we have the power to control and for payments which will not interfere with the great business of exchanges between our own and other countries. It will be an honest currency of intrinsic value, and should it be that experience shall show us that we shall have to give it up as an international currency it still will be of use for our own people within our own boundaries. And the quantity that would be coined within time to ascertain this will not be in any degree inconvenient or excessive.

Nay, further, if the people of this country shall find that this disk, larger than those which they have been accustomed to, shall be needed in vast and increased amounts for their domestic uses, so be it; but do not let the producing classes of this country—and when I say them I mean the laboring classes, for labor alone produces—do not let them suppose that they will not be at a serious disadvantage, when they are dealing with a measure of values that shrinks up in distortion the moment that it touches the standard of those nations with whom they deal.

By resuming on a gold basis, we should not only prevent our bonds from coming back upon us from Europe and breaking down the market for all securities and producing a panic, the result of which no man can fully measure, but we should encourage other capital to come to us from Europe. It was only the other day that I saw in a newspaper of the South the proposition that the honorable Senator from Georgia [John B. Gordon] should be sent abroad for the purpose of procuring

loans of capital from European sources for the purpose of developing the resources of the South. Sir, such a result is most devoutly to be desired, but I would say to my friend and to those who propose to send him that it will be utterly idle to propose to the owner of any capital an investment the measure of value of which shall be a fluctuating commodity. One thing capital will and must have, certainty, security; and, that being given, then the money becomes cheap because interest is low. Bad security means high interest, and good security means cheap money; and every man knows that who has ever enjoyed good credit.

Benefit to public credit is benefit to private credit. Confidence will fill the atmosphere that surrounds all transactions; the creditor will feel more secure, and be more easy and liberal with his debtor, and the productive industry of the country will thrive in connection and with the ready aid of the capital of the country. Tariff reformation comes in an important element to unfetter the trade of this country, and let us deal more directly and more upon the principle of reciprocity with those countries whose prosperity is so consistent with our own. All this seems to me plainly within sight; and I ask shall the adoption of this unwise measure turn us back? It may enable some overburdened holder of unimproved lands or other unproductive real estate to scale his debts; but, where it helps one such man, it will bring new privations unto thousands of homes; and I say candidly that I fear that this measure will prove but the entering-wedge of renewed discredit and depreciation of our currency. As you shall diminish the purchasing power of the currency you create necessity for the increase of its volume, and there lies the danger which it seems to me necessitates a renewal of the events and legislation of 1864 and 1865, and 1866, and a reinflation of paper issues, the weaker in credit the greater in amount; and a reinflation of paper issues of this Government means national bankruptcy and nothing else.

On February 5 Timothy O. Howe [Wis.] supported the Bland bill.

We are vociferously told that the President will veto the pending bill. To that effect I will believe no tongue but the President's. But if I had access to his ear I should not hesitate to tell him it was his duty not to thwart, but to aid, the friends of the bill in passing it, and to approve it when passed, and

that it was his duty also, before the ides of March have come, to instruct every one of his ministers abroad to make early and earnest representation to the several governments to which they are accredited that the dearest interests of millions now everywhere languishing in adversity, and of other millions which every succeeding generation must add, that the welfare of the world, if not its peace, demands the prompt remission of all efforts to ostracise either of the precious metals from the standard of value and from the medium of exchange. I believe one-half the effort, to say nothing of the money, expended to bring this country into the great conspiracy would explode the conspiracy. But if other governments should prove deaf to these representations we could still show the suffering of all lands that there is here still a home for the oppressed where a generous soil and just laws await them, and where capital and labor are secured in their equal rights.

But we are told the cheaper metal will drive out the dearer and gold will be banished from our circulation. Silver will not drive out anything. Silver is not aggressive; put a silver and a gold dollar into the same purse and they will lie quietly together. If the owner wishes to part with one he can part with either. Neither will go abroad unless the owner sends it, and he will not send it unless he gets something he would rather have in exchange for it. That does not impoverish the owner nor injure any one else.

But the gold, they say, will all disappear and we shall be deluged with silver. Sir, let us not be frightened by terms. "Be deluged with silver?" I admit the last deluge which visited the world was wet, uncomfortable, and destructive; but a deluge of silver is quite another affair. That is dry and so dense that the weakest swimmer could keep on the surface without the aid of an ark, and it would be so great a novelty that I would be glad to be visited by such a deluge.

But, again, it is so heavy to handle it! Then do not handle it. Accept the proposition moved by the Senator from Maine [James G. Blaine], let your mints stamp bars instead of coining dollars; let the Treasury hold the bars, issue certificates for them, and then you will have a paper circulation not merely representing coin, but actually convertible into coin at the pleasure of the holder. But gold will not vanish in the presence of silver. It has not fled from the presence of greenbacks, not even when greenbacks were worth less than forty cents on the dollar in gold. The world has had all the gold it found absolutely necessary.

But after all we are asked why not put into the silver dollar the present commodity value of the gold dollar? I answer, for many and most commanding reasons.

In the first place, debts, public and private, have been contracted which aggregate thousands of millions of dollars. Each dollar is payable by 412½ grains of silver. You have no right to compel the delivery of 440 or 454 grains for each dollar. That is filching; only a few hundred millions, to be sure, but it is filching.

Secondly. Putting in that quantity of silver would make the measure a *felo de se*. The great object I aim at is to restore silver to that standard by which you measure the labor and the products of the world and to that medium by which you exchange the products of the world, and therefore I ask you to coin it into money once more. You say—yes, if you are allowed to put more into a dollar than can be procured for a dollar. Who does not see that silver cannot be coined upon such terms? Daily we are told by the opponents of the bill that when the coinage act of 1873 was passed silver dollars were not coined because 412½ grains could not be afforded for a dollar. This nation and other nations denounced silver as money, and it fell in the market. Now you generously offer to restore it at 454 grains to the dollar. When silver was money we could not get 412½ grains for a dollar in gold; we demonetized it; we can now buy, you say, 454 grains for a gold dollar. So you will consent to remonetize silver at that rate? Suppose once more all existing contracts for dollars were, instead, contracts for so many bushels of grain; that grain had in 1873 been recognized by commercial nations to include both barley and wheat, and both had commanded substantially the same price in the markets. Suppose, then, we had degrainetized barley; had enacted that it should not be deliverable on grain contracts. Of course the demand for barley would thereby greatly diminish; its price would decline. As the demand for wheat would correspondingly increase, its price would rise. Suppose we had watched the rise of wheat and the fall of barley until two bushels of the latter would only buy one of the former. Suppose there came to us then, as there would be sure to come, a cry like that we hear now, "the world cannot produce the wheat to fill our grain contracts; barley is abundant, and for it there is little use. In the name of mercy regrainetize barley." Can anyone who knows the honorable chairman of the Committee on Finance conceive that he would respond to such a demand, "Yes, we will permit you to deliver

barley for grain once more, provided you will deliver two bushels for one"?

I insist that silver shall be restored to the medium of exchange; but I am told that the two coins must be of equal value not only in our market but in all markets. Well, I say the first step toward equalization of the two is to remonetize both. When you have done that, I will agree to a convention of representatives from the commercial nations to establish a common relation. There can be no question that the general recognition of silver as money would demonstrate that the ratio fixed by the pending bill is too high rather than too low. But I will not consent to build a "lean-to" upon our coins so often as the malign legislation of any foreign government may succeed in discrediting the metal of which they are composed.

On February 6 Allen G. Thurman [O.] supported the Bland bill.

It is argued that if this bill pass silver will be a less valuable currency than gold and will expel gold from the country, in accordance with what is called Gresham's law, namely, that the less valuable currency drives out the more valuable. And hence several amendments have been offered to increase the number of grains in the silver dollar so as to make it an equivalent, as it is said, of the gold dollar.

This objection to the bill rests upon the assumption that the silver dollar of 412½ grains, if made full legal tender, will be of less value than the gold dollar.

But is this assumption true? The relative value of silver and gold, if the silver dollar of 412½ grains be coined and the gold dollar remain at 25.8 grains, will be 15.98 parts of standard silver for 1 part of standard gold. But in France and the other states of the Latin union the relative value is 15½ of silver to 1 of gold. So that as compared with those states we undervalue silver; and yet the silver five-franc piece is equal in value to the gold five-franc piece, and there is more gold in France than in England and Germany together, though England has long since demonetized silver except as a subsidiary coin, and Germany has decreed its demonetization, though she has not fully executed her decree.

I know that it is said that the reason why silver coins and gold coins are at par in France and the other states of the Latin union is because they have ceased to coin silver. But they have a stock of silver coins that we cannot for years acquire; that is,

it will take years for us to acquire an amount equal to theirs, and if they can now maintain a par between silver and gold, at the ratio of 15½ to 1, why cannot we maintain such a par at the ratio of 15.98 to 1? Nothing is more certain than that the depreciation in the market value of silver bullion is the result of the demonetization of silver by Germany and the United States and the efforts being made to demonetize it in the Latin union states.

Remonetize it in the United States and it seems to me that the probable effect will be to put a stop to its demonetization elsewhere, even if it does not bring about the readoption of the bimetallic standard in those countries that have adopted, improvidently as I think, the single gold standard. It is not correct reasoning to treat silver simply as a marketable commodity, simply as bullion. Such reasoning loses sight of the value that results from the function of money and the full legal-tender quality. If the greenback, which has no intrinsic value, no circulation outside of the United States, and is but a limited legal tender even here, is yet within less than 2 per cent. of par with gold, why should not silver money, which has intrinsic value and which circulates over the greater part of the globe, if endowed with the full legal-tender faculty, rise to a par with gold, especially if we rate the metals at 15.98 to 1, while most other nations using both give but 15½ for 1?

One reason why greenbacks have been and are depreciated is the fact that they have not been receivable in payment of customs duties or of interest on the public debt. But make the silver dollar at 412½ grains full legal tender and it will be receivable for both these purposes, and it must closely approximate, if it does not reach, a par with gold. I believe that it will reach that par.

But suppose it does not, and suppose Gresham's law to have its effect, to what extent would gold be expelled from the country by silver? Manifestly only so far as silver supplanted it. Three hundred millions in gold could not be driven out by an issue of fifty millions of silver—the utmost effect could only be to expel fifty millions of gold whose place would be taken by silver—and the volume of metallic money would remain the same. But would the fifty millions of gold be expelled? Not unless three hundred millions was all the metallic money that the country needed. If it needs three hundred and fifty millions (and it needs more than that to safely and certainly maintain specie payments), the gradual addition of fifty millions of silver to three hundred millions of gold would not drive gold out. But

in truth we have not the half of three hundred millions of gold, and when we consider how slow will be the process of coining silver dollars we will find that we are in no immediate danger of losing our gold.

If gold be expelled it will not be so much by a silver currency as by our small notes. The one and two-dollar notes tend to expel both gold and silver, while the five and ten-dollar notes drive gold out of circulation. Gold circulates largely in England and France, but the Bank of England issues no note of a less denomination than £5 ($25) and the Bank of France now pays out no note of a less denomination than 100 francs (nearly $20). Those who argue against this bill because they want a gold currency—not a mere standard of value, but an actual, free, and customary circulation of gold coins—lose sight of the fact that we never have had and never can have such a circulation while we continue to use small notes of either the banks or the Government.

Metallic money is said to have two faculties, namely, that it is a standard of value and an instrument of exchange. I shall not go into the much-disputed question of its merits and demerits as a standard of value, or whether it is possible to establish any such standard that will be invariable; but it is obvious that to serve as an instrument for the exchange of property or services it must circulate. But it will not circulate, except as subsidiary coins, in any country that uses small paper money. Whether the people of the United States will ever give up the use of small notes I do not venture to predict; but, if they will not, they must agree that, with us, metallic money shall be shorn of one of its functions, that of a circulating medium.

In direct opposition to those who say that the dollar of 412½ grains if coined and made full legal tender will expel gold from the country another set of reasoners say that it is silver that will go out. Their reasoning is that money flows to that country where its purchasing power is the greatest, and that as silver is undervalued in the dollar of 412½ grains as compared with its valuation in the states of the Latin union it will leave our country and flow into those states. And so it undoubtedly would tend to do were those states to open their mints to an unlimited coinage of silver five-franc pieces. But will they do so? I think not. I think they will neither do that nor will they demonetize silver. I think that France, for instance, dare not demonetize silver. But I expect that she will coin it to but a limited amount so as to preserve its par with gold. And if that shall continue to be her policy we will be in little danger of losing our silver.

Another objection to the bill—the opposite of that last considered—is that if it become a law we will be flooded with silver; that Germany will pour her surplus upon us and our mines will produce so much that we will have more than we know what to do with.

I have no fears from Germany. It is said that she has eighty millions to spare. Suppose it were all poured into the United States, I think that we could absorb it without injury. But will it be? Certainly not, as it seems to me. I do not believe that Germany can spare eighty millions of her silver. But, if she could, the greater part of it would be much more likely to go to Asia and to Russia, Austria, and Spain, to say nothing of the Latin states, than to come to us who undervalue silver as compared with the rest of the world.

Nor do I think that we have anything to fear from an excessive product of our mines. I have not been considered an inflationist, but I know of no valid reason against enlarging our specie basis, and if we are to have and maintain specie payments it must be enlarged.

Another objection to the bill is the well-known argument against bimetallism. It is said that bimetallism is incompatible with an unvarying standard of value; that to have such a standard we must use but one metal; and that, for several reasons, gold is preferable to silver. And the most gloomy pictures have been drawn of the ruin that will befall our country if we return to bimetallism.

I shall not, Mr. President, go into an extended discussion of the bimetallic and monometallic theories, about which so much has been said and written and upon which such opposite opinions are entertained. I prefer to rest upon a few facts that cannot be disputed and which seem to me to be a sufficient answer to the objection.

I premise, however, that it is by no means certain that the standard of value is less variable in monometallic than it is in bimetallic countries. An absolutely unvarying standard of value is an impossibility; and the thinkers who have endeavin any one thing. Neither gold nor silver, nor any annual product of the earth or of human industry, nor the wages of labor (once insisted upon as the best standard) have been found to solve the problem. And hence it has been argued, with no little zeal, that the average price, or the average cost of production, of a number of commodities, some say as many as twenty, must be taken to find a standard of value even approximately correct.

I merely glance at these speculations of ingenious men and rely upon the judgment and experience of mankind, who for thousands of years have considered and found gold and silver to furnish the nearest possible approach to an unvarying standard, and the safest though not the most convenient instrument of exchange. I am content to rest upon this experience, which has been full, ample, enduring, until something better shall be discovered, should that event ever take place. But now, in answer to the gloomy forebodings we have heard, the predictions of ruin should this bill become a law, I wish to appeal for a moment to the teachings of history.

Mr. President, has there ever been, so far as we know, a more prosperous country than were the United States from 1789 to 1861? Did any nation ever exceed the progress we made in population, wealth, education, refinement, and the general well-being of the people, in those seventy-two years? And yet during all that period we had bimetalism; for we gave no preference to gold over silver, or to silver over gold. Those metals fluctuated then as they have done since, and probably ever will do, but no American statesman of that period thought of demonetizing either. Great Britain had set the example of demonetizing silver as early as 1816, and adopted the single gold standard, but neither the American people nor the American Congress thought of following that example.

And now, Mr. President, let us turn to Europe for a moment, and what do we hear? The wailings of thousands of laboring men, women, and children thrown out of employment; the cries of anguish of thousands of other men who but a year ago were rich but now are bankrupts; in a word, the same notes of sorrow that so afflict our ears in our own distressed land. But from what countries do they mainly come? From two, sir—from two—from gold, monometallic England and gold, monometallic Germany; while bimetallic France, the land of silver as well as gold, enjoys a prosperity hardly exceeded by that of any people on the earth.

Among the gloomy predictions that have been uttered in this debate is the assertion that if this bill pass our foreign commerce will be disjointed and the national credit be destroyed.

Our foreign commerce disjointed! Why, sir, have we not carried on the business of this country for the last sixteen years upon an inconvertible paper currency, and has our foreign commerce been destroyed or disjointed? Do we not import all we need? Do we not export more than we ever before exported? Is not the balance of trade in our favor? And if all this be

true with a home currency of inconvertible paper money how can any man who has the faculty of thought seriously believe that our condition would be worse with an ample basis of metallic money to support our paper issues?

The national credit destroyed! How destroyed? By complying to the letter with our national obligations; by paying precisely as we promised to pay? Sir, when silver was demonetized it was worth more than gold. We seemed to have elected to pay our obligations in the cheaper metal. Did that destroy the national credit?

England, in 1816, adopted the single gold standard when gold was cheaper than silver. Did that destroy her credit, did that humiliate and degrade her in the eyes of the civilized world?

No, Mr. President, the United States need no such prop as the single gold standard to support their credit. The resources of this country are too great and too well known, her fidelity to her obligations has been too well proved, for her credit to suffer by her return to her ancient, constitutional, and well-approved policy. And, for one, I long for the day, which I am too old ever to see, but which will come, when our obligations, national, State, municipal, and corporate, will be held at home and not abroad; when there will be no annual drain of the resources of America to impoverish our own people and to enrich foreign nations.

"Our bonds will be returned from Europe if we pass this bill," cries an alarmist. No, sir, they will not be returned; or if they be to some small extent, or even in great amounts, they will soon be recalled. The telegraph says this morning that $6,000,000 are on their way from England. They will be getting back there very soon, whether this bill pass or not; for were every one of them payable in silver coin, and were the depreciation of silver to continue, the interest upon them would be greater than any equally safe European public stock affords. But, again, they will not be returned unless they can find purchasers in the United States. Suppose they do find such purchasers, will not every one of you, Senators, congratulate yourself that our public debt is held at home? Will not every one of you remember that a principal reason why England can endure her immense indebtedness, why France can live under hers, is that English debts are held by Englishmen and French debts are held by Frenchmen? And will you not hail the day when American debts shall be held by Americans and by Americans alone?

On February 7 James G. Blaine [Me.] supported Senator Allison's amendment.

I believe if Germany were to remonetize silver, and the kingdoms and states of the Latin Union were to reopen their mints, silver would at once resume its former relation with gold. The European countries when driven to full remonetization, as I believe they will be, must of necessity adopt their old ratio of fifteen and a half of silver to one of gold, and we shall then be compelled to adopt the same ratio instead of our former sixteen to one. For if we fail to do this we shall, as before, lose our silver, which like all things else seeks the highest market; and if fifteen and a half pounds of silver will buy as much gold in Europe as sixteen pounds will buy in America, the silver, of course, will go to Europe. But our line of policy in a joint movement with other nations to remonetize is very simple and very direct. The difficult problem is what we shall do when we aim to reëstablish silver without the coöperation of European powers, and really as an advance movement to coerce them there into the same policy. Evidently the first dictate of prudence is to coin such a dollar as will not only do justice among our citizens at home, but will prove a protection—an absolute barricade—against the gold monometallists of Europe, who, whenever the opportunity offers, will quickly draw from us the one hundred and sixty millions of gold coin still in our midst. And if we coin a silver dollar of full legal-tender, obviously below the current value of the gold dollar, we are opening wide our doors and inviting Europe to take our gold. And with our gold flowing out from us we are forced to the single silver standard and our relations with the leading commercial countries of the world are at once embarrassed and crippled.

The question before Congress then—sharply defined in the pending House bill—is, whether it is now safe and expedient to offer free coinage to the silver dollars of 412½ grains, with the mints of the Latin Union closed and Germany not permitting silver to be coined as money. At current rates of silver, the free coinage of a dollar containing 412½ grains, worth in gold about ninety-two cents, gives an illegitimate profit to the owner of the bullion, enabling him to take ninety-two cents' worth of it to the mint and get it stamped as coin and force his neighbor to take it for a full dollar. This is an undue and unfair advantage which the Government has no right to give to the owner of silver bullion, and which defrauds the man who is forced to take the dollar. And it assuredly follows that, if we give free

coinage to this dollar of inferior value and put it in circulation, we do so at the expense of our better coinage in gold; and, unless we expect the uniform and invariable experience of other nations to be in some mysterious way suspended for our peculiar benefit, we inevitably lose our gold coin. It will flow out from us with the certainty and resistless force of the tides. Gold has indeed remained with us in considerable amount during the circulation of the inferior currency of the legal tender; but that was because there were two great uses reserved by law for gold: the collection of customs and the payment of interest on the public debt. But, if the inferior silver coin is also to be used for these two reserved purposes, then gold has no tie to bind it to us. What gain, therefore, would we make for the circulating medium, if, on opening the gate for silver to flow in, we open a still wider gate for gold to flow out? If I were to venture upon a dictum on the silver question, I would declare that until Europe remonetizes we cannot afford to coin a dollar as low as 412½ grains. After Europe remonetizes on the old standard, we cannot afford to coin a dollar above 400 grains. If we coin too low a dollar before general remonetization our gold will flow out from us. If we coin too high a dollar after general remonetization our silver will leave us. It is only an equated value both before and after general remonetization that will preserve both gold and silver to us.

The responsibility of reëstablishing silver in its ancient and honorable place as money in Europe and America devolves really on the Congress of the United States. If we act here with prudence, wisdom, and firmness, we shall not only successfully remonetize silver and bring it into general use as money in our own country, but the influence of our example will be potential among all European nations, with the possible exception of England. Indeed, our annual indebtment to Europe is so great that if we have the right to pay it in silver we necessarily coerce those nations by the strongest of all forces, self-interest, to aid us in upholding the value of silver as money. But if we attempt the remonetization on a basis which is obviously and notoriously below the fair standard of value as it now exists, we incur all the evil consequences of failure at home and the positive certainty of successful opposition abroad. We are and shall be the greatest producers of silver in the world, and we have a larger stake in its complete monetization than any other country. The difference to the United States between the general acceptance of silver as money in the commercial world and its destruction as money will possibly equal within the next

half century the entire bonded debt of the nation. But to gain this advantage we must make it actual money—the accepted equal of gold in the markets of the world. Remonetization here followed by general remonetization in Europe will secure to the United States the most stable basis for its currency that we have ever enjoyed, and will effectually aid in solving all the problems by which our financial situation is surrounded.

On the much-vexed and long-mooted question of a bimetallic or monometallic standard my own views are sufficiently indicated in the remarks I have made. I believe the struggle now going on in this country and in other countries for a single gold standard would, if successful, produce widespread disaster in the end throughout the commercial world. The destruction of silver as money and establishing gold as the sole unit of value must have a ruinous effect on all forms of property except those investments which yield a fixed return in money. These would be enormously enhanced in value, and would gain a disproportionate and unfair advantage over every other species of property. If, as the most reliable statistics affirm, there are nearly seven thousand millions of coin or bullion in the world, not very unequally divided between gold and silver, it is impossible to strike silver out of existence as money without results which will prove distressing to millions and utterly disastrous to tens of thousands. Alexander Hamilton, in his able and invaluable report in 1791 on the establishment of a mint, declared that "to annul the use of either gold or silver as money is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full circulation with the evils of a scanty circulation." I take no risk in saying that the benefits of a full circulation and the evils of a scanty circulation are both immeasurably greater to-day than they were when Mr. Hamilton uttered those weighty words, always provided that the circulation is one of actual money, and not of depreciated promises to pay.

In the report from which I have already quoted Mr. Hamilton argues at length in favor of a double standard, and all the subsequent experience of well-nigh ninety years has brought out no clearer statement of the whole case nor developed a more complete apprehension of this subtle and difficult subject. "On the whole," says Mr. Hamilton, "it seems most advisable not to attach the unit exclusively to either of the metals, because this cannot be done effectually without destroying the office and character of one of them as money and reducing it to the situation of mere merchandise." And then Mr. Hamilton wisely

concludes that this reduction of either of the metals to mere merchandise (I again quote his exact words) "would probably be a greater evil than occasional variations in the unit from the fluctuations in the relative value of the metals, especially if care be taken to regulate the proportion between them with an eye to their average commercial value." I do not think that this country, holding so vast a proportion of the world's supply of silver in its mountains and its mines, can afford to reduce the metal to the "situation of mere merchandise." If silver ceases to be used as money in Europe and America, the great mines of the Pacific slope will be closed and dead. Mining enterprises of the gigantic scale existing in this country cannot be carried on to provide backs for looking-glasses and to manufacture cream pitchers and sugar bowls. A vast source of wealth to this entire country is destroyed the moment silver is permanently disused as money. It is for us to check that tendency and bring the continent of Europe back to the full recognition of the value of the metal as a medium of exchange.

I must say, Mr. President, that the specific demand for the payment of our bonds in gold coin and in nothing else comes with an ill grace from certain quarters. Hard names are hurled at us across the ocean, for simply daring to state that the letter of our law declares the bonds to be payable in standard coin of July 14, 1870; expressly and explicitly declared so, and declared so in the interest of the public creditor, and the declaration inserted in the very body of the eight hundred million of bonds that have been issued since that date. Beyond all doubt the silver dollar was included in the standard of coins of that public act. Payment at that time would have been as acceptable and as undisputed in silver as in gold dollars, for both were equally valuable in the European as well as in the American market. Seven-eighths of all our bonds, owned out of the country, are held in Germany and in Holland, and Germany has demonetized silver and Holland has been forced thereby to suspend its coinage, since the subjects of both powers purchased our securities. The German Empire, the very year after we made our specific declaration for paying our bonds in coin, passed a law destroying, so far as lay in their power, the value of silver as money. I do not say that it was specially aimed at this country, but it was passed regardless of its effect upon us, and was followed, according to public and undenied statement, by a large investment on the part of the German government in our bonds, with a view, it was understood, of holding them as a coin reserve for drawing gold from us to

aid in establishing their gold standard at home. Thus, by one move the German Government destroyed, so far as lay in its power, the then existing value of silver as money, enhanced consequently the value of gold, and then got into position to draw gold from us at the moment of their need, which would also be the moment of our own sorest distress. I do not say that the German Government in these successive steps did a single thing which it had not a perfect right to do, but I do say that the subjects of that empire have no right to complain of our Government for the initial step which has impaired the value of one of our standard coins. And the German Government, by joining with us in the remonetization of silver, can place that standard coin in its old position and make it as easy for this Government to pay and as profitable for their subjects to receive the one metal as the other.

When we pledged to the public creditor in 1870 that our obligations should be paid in the standard coin of that date, silver bullion was worth in the London market a fraction over sixty pence per ounce; its average for the past eight months has been about fifty-four pence; the price reckoned in gold in both cases. But the large difference is due partly to the rise in gold as well as to the fall in silver. Allowing for both these causes and striking the difference, it will be found, in the judgment of many of the wisest men in this country, perfectly safe to issue a dollar of 425 grains standard silver; as one that, anticipating the full and legitimate influence of remonetization, will equate itself with the gold dollar, and effectually guard against the drain of our gold during the time necessary for international conference in regard to the general reëstablishment of silver as money. And when that general reëstablishment shall be effected with a coinage of fewer grains, the dollar which I am now advocating will not cause loss or embarrassment to anyone. The miner of the ore, the owner of the bullion, the holder of the coin, and the Government that issues it will all in turn be benefited. It will yield a profit on recoinage and will be advantageously employed in our commercial relations with foreign countries. Meanwhile it will insure to our laborers at home a full dollar's pay for a dollar's worth of work.

And I think we owe this to the American laborer. Ever since we demonetized the old dollar we have been running our mints at full speed, coining a new silver dollar for the use of the Chinese coolie and the Indian pariah—a dollar containing 420 grains of standard silver, with its superiority over our ancient dollar ostentatiously engraved on its reverse side. To

these "outside barbarians" we send this superior dollar, bearing all our national emblems, our patriotic devices, our pious inscriptions, our goddess of liberty, our defiant eagle, our federal unity, our trust in God. This dollar contains 7½ grains more silver than the famous "dollar of the fathers" proposed to be recoined by the pending bill, and more than four times as many of these new dollars have already been coined as ever were coined of all other silver dollars in the United States. In the exceptional and abnormal condition of the silver market now existing throughout the world we have felt compelled to increase the weight of the dollar with which we carry on trade with the heathen nations of Asia. And shall we do less for the American laborer at home? Nay, shall we not do a little better and a little more for those of our own blood and our own fireside? If you remonetize the dollar of the fathers your mints will be at once put to work on two different dollars; different in rate, different in value, different in prestige, different in their reputation and currency throughout the commercial world. It will read strangely in history that the weightier and more valuable of these dollars is made for an ignorant class of heathen laborers in China and India, and that the lighter and less valuable is made for the intelligent and educated laboring man who is a citizen of the United States. Charity, the adage says, begins at home. Charity, the independent American laborer scorns to ask, but he has the right to demand that justice should begin at home. And, in his name and in the name of common sense and common honesty, I ask that the American Congress will not force upon the American laborer an inferior dollar which the naked and famishing and degraded laborers of India and China refuse to accept.

The bill which I now offer as a substitute for the House bill contains three very simple provisions:

1. That the dollar shall contain four hundred and twenty-five grains of standard silver, shall have unlimited coinage, and be an unlimited legal tender.

2. That all the profits of coinage shall go to the Government, and not to the operator in silver bullion.

3. That silver dollars or silver bullion, assayed and mint-stamped, may be deposited with the Assistant Treasurer at New York, for which coin certificates may be issued, the same in denomination as United States notes, not below ten dollars, and that these shall be redeemable on demand in coin or bullion, thus furnishing a paper circulation based on an actual deposit of precious metal, giving us notes as valuable as those of the

Bank of England and doing away at once with the dreaded inconvenience of silver on account of bulk and weight.

I do not fail, Mr. President, to recognize that the committals and avowals of Senators on this question preclude the hope of my substitute being adopted. Indeed I do not fail to recognize that on this question I am not in line with either extreme; with those who believe in the single gold standard or with those who by premature and unwise action, as I must regard it, would force us to the single silver standard. Either will be found, in my judgment, a great misfortune to this country. We need both gold and silver, and we can have both only by making each the equal of the other. It would not be difficult to show that, in the nations where both have been fully recognized, the most widely diffused, the steadiest and most continuous prosperity has been enjoyed; that true form of prosperity which reaches all classes, but which begins with the day-laborer whose toil lays the foundation of the whole superstructure of wealth. The exclusively gold nation like England may show the most massive fortunes in the ruling classes, but it shows also the most helpless and hopeless poverty in the humbler walks of life. The gold and silver nation like France can exhibit no such individual fortunes as abound in England, but it has a peasantry that with their silver savings can pay a war indemnity that would have beggared the gold bankers of London, and to which the peasantry of England could not have contributed a pound sterling in gold nor a single shilling in silver.

The effect of paying the labor of this country in silver coin of full value, as compared with the irredeemable paper or as compared even with silver of inferior value, will make itself felt in a single generation to the extent of tens of millions, perhaps hundreds of millions, in the aggregate savings which represent consolidated capital. It is the instinct of man from the savage to the scholar—developed in childhood and remaining with age—to value the metals which in all tongues are called precious. Excessive paper money leads to extravagance, to waste, and to want, as we painfully witness on all sides to-day. And in the midst of the proof of its demoralizing and destructive effect, we hear it proclaimed in the Halls of Congress that "the people demand cheap money." I deny it. I declare such a phrase to be a total misapprehension, a total misinterpretation of the popular wish. The people do not demand cheap money. They demand an abundance of good money, which is an entirely different thing. They do not want a single gold standard that will exclude silver and benefit those already rich. They do not

want an inferior silver standard that will drive out gold and not help those already poor. They want both metals, in full value, in equal honor, in whatever abundance the bountiful earth will yield them to the searching eye of science and to the hard hand of labor.

The two metals have existed side by side in harmonious, honorable companionship as money, ever since intelligent trade was known among men. Through all ages and through all changes, silver and gold have reigned supreme, as the representatives of value, as the media of exchange. The dethronement of each has been attempted in turn, and sometimes the dethronement of both; but always in vain! And we are here to-day, deliberating anew over the problem which comes down to us from Abraham's time; *the weight of the silver,* that shall be "current money with the merchant." [Applause in the galleries.]

On February 14 John P. Jones [Nev.] supported the bill.

As a question of political ethics, are governments morally bound, in respect of their own debts or generally in respete of the relation between debtor and creditor, to maintain not only invariability in the coin standard, meaning thereby weight and purity of metal, but also to maintain invariability in the commercial value or purchasing power of such coin?

This question was never raised until very modern times nor until the purchasing power of metallic money manifested a decreasing tendency, and was never raised except by the creditors, fundholders, annuitants, and income classes of the world.

The epithets of swindler and repudiator, according to modern ethics, seem not to apply when, through the vicissitudes of mining or other causes, money is rising in value and creditors are thereby enabled to reap where they have not sown, to exact more than they have loaned. Under all circumstances, as it would seem, the interests of the creditor classes are to be protected, and if possible enlarged. The epithets of swindler and repudiator are reserved for the debtor class, when, from the operation of causes which they have not brought about and over which they have no control, a divergence occurs in the value of the money metals, in either of which they have the right to pay if they do not foolishly exercise their option by paying in the dearer metal. They are denounced as lunatics if they demand

the privilege of paying in accordance with the precise terms of their contracts. The people are denounced in these dishonoring terms if they dare to resist attempts either to increase the weight of the coins which they have promised or to diminish the number of the money metals existing when the contracts were made.

So far as this question of honor and equity is concerned, I shall content myself at this time with declaring my deliberate conviction to be that the metallic-money system loses the only recommendation which it has if its value is not remitted to the automatic limitation of production without any governmental interference whatever. On this point I agree with all the advocates of metallic money, from John Locke down to the Senator from Vermont [Mr. Edmunds]. In a speech delivered in the Senate on December 5, 1867, Mr. Edmunds said:

> Our own gold and silver coins always have been and are still defined by law to contain in each denomination, be it a dime, a dollar, or an eagle, a certain named weight of silver or gold. They are the ultimates of value, the money of the Government.

And he fortified his position by quotations from John Locke, whose works he declared to be a "boon to mankind," one of these quotations being as follows:

> All contracts or engagements are to be deemed fully discharged and satisfied by payment of the specific quantity or sum of money agreed upon, without having any regard to the value of money with respect to other things at the different times of contracting and discharging of debts.

This quotation, of his own selection, from his favorite authority, will, I have no doubt, be conclusive with the Senator from Vermont, and ought to be conclusive with the Senate, upon the justice and equity of paying debts in strict accordance with the letter of the contract.

The question of fact, whether or not silver has lost purchasing power in a corresponding ratio to the widening of the relation between it and gold since 1873, or whether it has lost purchasing power to any extent whatever since that time, is the particular question which I now propose briefly to discuss. I think it will be made very clearly to appear that silver since 1873, although discrowned and shorn of its monetary function, denied mintage throughout the entire western world, and degraded to the rank of a commodity, instead of having become less valuable has nevertheless increased in its command over services and all kinds of property; that both gold and silver

have gained in purchasing power, and that silver only seems to have fallen in value because it has not risen to so great an extent as gold.

If these positions can be established, or if all the known facts tend to establish them, then the equitable objection to the payment of the national bonds in silver dollars of 412½ grains completely fails and must be abandoned.

In deciding whether silver has or has not depreciated in value it is indispensable that all the facts bearing upon the question be viewed from a proper point of observation. In order to discover the direction in which a boat is moving when headed to the current the shore, and not the stream, must be observed. Upon an alteration in the exchange relations between two commodities or between a single commodity and money, it is apparent as between them alone that one has risen or that the other has fallen in value. But in order to decide correctly which has really risen and which really fallen, comparison must be made between their present relations respectively and their previous relations to all other things in exchange.

A fall in the price of any one commodity would be justly regarded as a fall in its value and not as a rise in the value of money, and such fall might, to all appearances, overtake one commodity after another until the whole range of commodities and services would seem to have fallen and money would seem to have remained stationary. But all sound thinkers and writers on economical science agree that this is impossible and that a fall in general prices is the sure and only proof of a rise in the value of money.

The Englishman who looks through spectacles made of gold sovereigns believes without a single doubt—in fact knows—that for the past four years he has seen silver fluctuating and falling in value. The citizen of this country, looking through the metallic monetary unit last in use here, and with which he is most familiar, or when he borrows the Englishman's spectacles, thinks he sees the same thing. But the East Indian, who looks through spectacles of silver rupees, is equally confident that during the same period he has seen gold fluctuating and rising.

The idea that gold is the unmoving, unvarying center of value, around which all other values revolve in eccentric, irregular orbits,[1] is expressed in a letter from Mr. Royal Phelps, a distinguished New York merchant, to the United States monetary commission, in the following extraordinary statement:

[1] The speaker is cleverly discrediting this idea by comparing it to the absolute Ptolemaic theory in astronomy.

> Gold never rises or falls; it is now the sole and universal standard of value. Everything else which is exchanged or traded for rises or falls in accordance with the abundance or scarcity of this one metal.

Literally translated, this language conveys the idea that, while all other things may rise or fall in value relatively to gold, gold itself, rising superior to the economic laws that regulate and govern values, remains unchanged in its relations and unmoved in value.

The present Secretary of the Treasury, in a public speech not long since delivered, referred to the value of gold as being "as fixed as the sun."

This school shuts its eyes to the flood of light that facts and philosophy are shedding all around it, and stubbornly insists that the laws which govern and regulate all other values are suspended as to gold, and that gold never rises and falls, but is as "fixed as the sun." So did not teach John Locke when he said nearly two centuries ago:

> If you increase or lessen the quantity of money current in traffic, in any place, then the alteration of value is in the money.

And, again:

> Money being looked upon as the standing measure of other commodities, men consider and speak of it still as if it were a standing measure, though when it has varied its quantity it is plain it is not.

And so have taught all the economists since Locke's time, until new and strange doctrines were found to be necessary to justify the striking down of one of the two money metals of the world.

Money is the measure of the value of all other things, but cannot be the measure of itself. Its value is determined not by the price of one thing or many things, but by the average price of all things, by the general relations which it bears in exchange.

The New York *Public* of May 18, 1876, published elaborate tables of the wholesale prices in New York City of the principal articles of commerce, foreign and domestic, as they stood on the first day of May in various years, and covering all the years from 1872 to 1876, both inclusive.

The method adopted by *The Public* was to take quantities of different articles, proportioned to the relative quantities produced or purchased in this country, and to compare the aggregate cost of such quantities in different years, the quantities calculated being, of course, exactly the same in each of the

years compared. This method of deducing an average of prices has the indorsement of recognized authorities in this country and in Europe. The tables furnished by *The Public* show that the same quantities of breadstuffs, cotton, coal, iron, leather, tobacco, wool, butter and cheese, sugar and molasses, provisions, coffee and tea, which could have been bought at wholesale in New York on May 1, 1872, for $85, could be bought on May 1, 1876, for $69. As the premium on gold was almost exactly the same at the two dates, the fall in gold prices could not vary much from the fall in currency prices.

It has been persistently urged that if silver has not yet depreciated, its tendencies are in that direction, and that if we remonetize it we shall be overwhelmed by the discarded, refuse stock of other nations, and that this country will be cursed with a fluctuating, depreciated, unreliable, and worthless money.

Whenever the prediction has been made that the markets were to be flooded with any other articles than silver, such as cotton or wheat, it has generally been deemed necessary, if the object was to affect the prices, production, or use of those articles, to point out specifically from what quarter of the globe the flood might be expected.

But in respect to silver, there have been a beating of gongs and a universal shout of warning to the people to maintain legislative dikes against the incoming floods of that metal, whose sources they have been unable or unwilling to point out. This Chinese system of warfare against silver has proved ineffectual, because upon examination the masses of the people could not see that any evil would result to this country even if the entire stock of German and French silver should be sent here. On the contrary, the people believe that a silver flood of only that magnitude could result in no injury whatever, but would only serve to revive the stagnant industry and commerce of the country, like rain upon the parched, thirsty, and sun-cracked earth.

I have so far considered the rise in the value of gold since 1872 as demonstrated and measured by the average fall in the prices of commodities. But the rise in its value, as shown by the fall in the prices of land and labor, has been vastly greater and has contributed much more powerfully to the business prostration everywhere prevailing. Land and labor immeasurably overshadow in magnitude and importance the aggregate of mere merchandise that was ever in existence at any given period. Land in all civilized countries is the great basis and bulwark of credit, and a general or considerable fall in its price has

never failed to be ruinous to every commercial and industrial interest. It constitutes a great, if not a major, portion of the possessions of mankind.

A general fall in the prices of real estate would not seem to be possible unless caused by an absolute appreciation in the value of the medium in which it is measured, except under the blows of great national calamities, or except under the influence of one of those mysterious cycles of national decadence which at long intervals in the past have frowned darkly now upon one portion and again upon another of the civilized world.

Adam Smith, in treating of labor, said:

> Labor is the real measure of the exchangeable value of all commodities.

This view he maintained with the most conclusive arguments, and the same view is maintained by all reputable economical writers whose works are either read or remembered.

Testing the value of gold by these great measures, labor and real estate, what results do we find? Details need not be given. I hazard nothing in saying that under this crucial comparison it will be found that gold has very nearly, if not quite, doubled in value within the last five years.

Money is the oxygen of exchange, and when through a decrease in quantity it is rising in value commerce and industry become asphyxiated. The business of the world is now writhing and stifling under the exhausted receiver of a standard shrinking and shrunken to the constantly appreciating metal gold alone.

Savings banks, trust companies, and insurance companies are tumbling into ruin every day in all parts of the country. In the great majority of cases the real estate securities, now sinking in value on their hands, were judiciously selected. Their mortgages are weak, not because they were dishonestly or unwisely taken, but because prices have been struck down by legislation impossible to have been foreseen and guarded against.

The fall in the wages of labor, measured in gold, has extended to every part of the western world and over all fields of industry. It has been greatest, as always at periods of stagnation, in the wages of unskilled labor, but has been great in all employments. It is scarcely an exaggeration to say that average wages, measured in gold, have fallen one-half since 1872-'73. It is certainly no exaggeration to say that the receipts of the wage classes have diminished to a much greater extent, if to the fall in wages are added the losses from enforced idleness.

The most deplorable accounts of the condition of labor in England and Germany reach us constantly. In Berlin revolutionary outbreaks have been kept down only by the bayonet and the breech-loader. In England large groups of laborers are on the verge of starvation, and that catastrophe has thus far been staved off only by straining the resources of public and private charity to the utmost.

In this country the distress of labor, reaching a point never before known, has culminated in mobs which have given ominous expression to the despair of the people. The army of the United States, never before used for such a purpose, has been called upon within a twelve-month to perform police duty, to preserve social order, and to protect private property. The advocates of the gold policy, conscious apparently that it will make chronic this condition of things and permanently demand the same remedy, have insited that the numbers of the army should not only be kept up, but enlarged, not to resist foreign enemies, guard forts, or enforce the laws of the United States, but to repress the riotous uprising of a hungry, naked, freezing, and frantic populace.

I have not been unobservant of the efforts to create a general public impression that in advocating the rehabilitation of silver I am controlled by unworthy and sinister motives. Nor am I insensible to the labored endeavor to disparage my action by the repetition of the statement that I am one of the owners of these fruitful properties known as the bonanza mines and that my personal gains would be directly and immensely enhanced by the remonetization of silver. To this I now proceed to make specific reply. I never had any considerable interest in the bonanza mines, and the little interest I did once have has long since been disposed of. I have no investment in productive silver mines, and my investments in non-productive silver mines are much less extensive than in mines which produce gold exclusively. I advocate the remonetization of silver because both justice and expediency demand it, and because, even if it does not restore a full measure of prosperity, it will check the rapidly spreading bankruptcy and poverty which threaten to overwhelm the country.

The statement that $500,000 or any other sum has been contributed by the bonanza owners or by anybody else to procure the remonetization of silver is, in my belief, without foundation, and was so known to be by those who uttered it. The charge that venal combinations have been formed and money raised for such purpose by those interested in silver mining

would imply idiocy on the part of the mine-owners, if it be true, as is maintained by a majority of those who make the charge, that the remonetization of silver would tend inevitably to depreciate its value.

But denying as I do that I am personally interested in the remonetization of silver, I wish to have it distinctly understood that I do not even by implication admit that my right to legislate on the subject would be lost or in any way impaired if the reverse were true. A fastidiousness of this delicate order would be more nice than wise. It has never been required of anyone here except the alleged owners of silver mines. Has it ever been regarded as dishonorable for legislators, who may have personal interests in iron, copper, lead, and salt mines, in cotton factories, or in any other manufacturing industry, or in wool-growing, to vote for or against tariffs and other laws directly affecting those interests? Has this gauzy virtue restrained owners of stock in national banks from voting in controlling numbers for laws directly benefiting those institutions? Has the metropolitan press demanded that persons so interested should abstain from voting here on such questions? If such a rule were insisted upon, might it not leave one or both branches of Congress without a quorum? Might not the strict enforcement of such a rule render necessary the creation of an idle and privileged class to legislate for the country?

The silver miners of the United States have shirked no duty either in peace or war. They demand neither protective legislation nor exemptions from their full share in the burden of taxes, nor special privileges of any kind. They are engaged in a lawful and honest industry, and who between the two oceans are better entitled to fair treatment than they?

It was because they were known to be loyal and patriotic that Nevada was admitted as a State into the Union. If their numbers were and are few, they have maintained good government, efficiently protected life and property, liberally endowed institutions of education and beneficence, and have so well ordered their finances that their governor has been recently urged to convene the legislature in extra session to reduce taxes in order to prevent the accumulation of an inconvenient surplus in the treasury.

Have the recently formed expectations of bondholders to be paid in gold any foundation either in equity or antiquity comparable to the right of the miner of the Pacific coast to expect that silver would continue to enjoy its ancient franchise of coinage?

The bondholders have invested their money upon a contract embodied in a law, which was constructive notice to them of its terms. Direct notice was also given them by the law itself being referred to on the face of each bond, together with the terms on which they are by that law made payable. The bondholders' right to a faithful performance of this contract is as earnestly insisted upon by the advocates of this bill as by its opponents. The miners have not only invested their money, but have risked health and life upon the faith of the then existing law, which was a solemn pledge to them that the precious metals were both to continue to be used as money. The bondholder asks that laws shall be continued in force which were enacted after his contract was made, and which changed its terms to his advantage and to the disadvantage of the nation, and especially of the silver miner, whose industry it threatens to destroy. The miner asks that the Constitution shall be observed, and that the law under which his industry was organized and upon which it was founded shall be restored. These two demands are incompatible with each other. To the impartial judgment of the American people the miner submits their comparative equity. The prizes in mining are few, the failures many, but there is always hope enough to inspire continued effort; there is always doubt enough to check undue expansion. A comparatively small number have reached the plane of success, while many have fainted and fallen by the way. Shall those who are now hopefully toiling be punished for the successes of the few? No braver or hardier men ever courted fortune by the straightforward road of toil, sacrifice, and privation.

President Lincoln, in one of his messages to Congress, declared them worthy not merely of the ordinary protection of law and justice, but of "extraordinary" measures of encouragement.

Does anybody doubt that the Senators from Massachusetts would rise with indignation if anybody should stigmatize as blubber-gamblers, whalebone-speculators, and members of an "oil ring" the bronzed whalemen of Nantucket and New Bedford who, when fortune has favored, bring safely into port the wealth which they have not obtained by wrecking railroads or by watering railroad stocks or by puts and calls and short corners in stocks, but which they have created by struggling with the cold, the darkness, the storms, and the crushing ice-floes of Arctic seas? And why should I restrain my indignation when I hear the stigmatizing epithet of "bonanza swindlers" applied to my constituents who are to-day toiling in

gloomy passages under exhausting heats, two thousand feet below the surface of the earth, away from the cheering light of day, in an industry which is believed to pay less profit upon the average than any other known to man? I do not shrink from the comparison of the ways and methods of the acquisitions of wealth in the mining industry on the Pacific coast with the ways and methods of its acquisition anywhere on earth, and least of all with the ways and methods of Wall street, where these attacks upon my constituents originate.

In this country the national honor has never been tarnished and never has been in danger of being tarnished by those who propose to restore the ancient money in which every national bond is on its face payable. If the credit of this country is in any danger, it is from the charges of the opposing faction that a majority of the citizens of a majority of the States of this Union are innately dishonest.

Let the gold press of this country not forget that while power usually begets intolerance it always begets resistance. It is boastfully declared that capital is now "organized at last, and that we shall see whether Congress will dare to fly in its face." How long is it since the slaveholders of this country, intoxicated by the long possession of absolute sway, declared that cotton was king, and that grass should grow on the streets of Northern cities if its royal prerogatives were interfered with? The Southern men who hear me know that it was the arrogance begotten of irresponsible power, the dominating spirit engendered by slavery, that provoked and precipitated the revolution by which it was destroyed. Are the same people who carried that revolution through fire and blood on the bayonets of three millions of men likely to be patient under the taunt that their chosen representatives, sitting here under the dome of this capitol, dare not fly in the face of the organized money-lenders and bondholders of the country? Thank God and the Declaration of Independence and the patient heroism that made it a vitalizing force and the Constitution that crystallized it into law, the people of this country are furnished with a better method of righting wrongs and asserting rights than a resort to arms; and with not less resolution and enthusiasm than wars against oppression inspire will they in peaceful methods and under the forms of law trample under foot any power that seeks through corruption or intimidation to intrench itself in this citadel of their liberties. They will see to it that this remains a popular government in fact as well as in name and, despite the craft of the cunning and the wiles of the wicked,

that their representatives in this Capitol register through constitutional laws their imperial will. [Applause in the galleries and on the floor.]

On February 15 Senator Allison spoke in support of the bill and his amendment.

Mr. President, this war on silver began in 1867 and culminated in 1873. It was the Paris Conference that inaugurated this disarrangement of the precious metals. We had a representative at that conference, one of our distinguished citizens from the State of New York, familiar with this subject, who represented this Government as being in favor of a single gold standard; and the distinguished chairman of the Committee on Finance of this body, Mr. Sherman, only echoed the sentiment of the Paris Conference when he said that America demanded the single standard of gold. The monetary disturbance which followed began at Paris in 1867. I have here a statement of the Prime Minister of England (Mr. Disraeli) alluding to these monetary disturbances, and tracing their causes directly to the conference at Paris. He says, speaking in November, 1873:

> I attribute the present state of affairs very much to a commission that was sitting in Paris at the time of the great exhibition. That was a commission the object of which was to establish a uniform coinage throughout the world—a very beautiful idea of cosmopolitan philanthropy, etc. . . . This, I know myself, arose from an opinion extremely prevalent among the government statesmen of Europe, and among distinguished economists and merchants abroad, that the commercial prosperity and preponderance of England were to be attributed to her gold standard. . . . when the various states of Europe suddenly determined to have a gold standard, and took steps to carry it into effect, it was quite evident we must prepare ourselves for great convulsions in the money market, not occasioned by speculation or any old cause, which has been alleged, but to a new cause with which we are not yet sufficiently acquainted, and the consequences of which are very embarrassing.

He uses also these significant words:

> Our gold standard is not the cause of our commercial prosperity, but the consequence of our commercial prosperity.

Or, in other words, if England had not enjoyed great commercial prosperity she could not have maintained the gold standard. Yet we are asked now, in our depressed commercial and monetary condition, to imitate her example.

Mr. President, the Paris Conference began the war on silver, and Germany completed the evil work in 1873.

Now, if we plant ourselves firmly in favor of the policy of the utilization of silver, we take measurably the place of Germany in this regard, because by our own legislation from 1834 to the time of absolute demonetization we banished silver, and if we restore it we shall require very nearly as much silver in our circulation as Germany has lost by demonetization. And the equilibrium in the value of silver as compared with gold will be rapidly restored. But this bill proposes not only that we shall do this, but that we shall invite the other nations who favor the use of silver to join us in fixing a uniform ratio between the two metals; and, if that is done, as I believe it can be very soon—if a concurrence of those nations shall take place, then it will be but a brief period until the restoration of silver will be complete and absolute.

It follows from this that the dollar of 412½ grains is the highest standard dollar that we ought to adopt. If we could this day come to the relation fixed by the Latin union, there would be a likelihood that the union would again join us in restoring silver to its old relation without a conference with them, but this seems impracticable now; and the further we depart from the standard of 15½ to 1 so much the more difficult it will be for us to come back to the relation which must be established if silver is to be used continuously as a part of the money circulation of the world.

But, Mr. President, it is said, and has been often said here, that this conference of nations should precede our remonetization of silver. The honorable chairman of the committee stated that to remonetize silver and then call a conference was like calling a council of physicians after the death of the patient.

Why, Mr. President, our policy to-day is monometallism of gold; and with what face can we ask the bimetallic nations of Europe to join us in a conference with reference to the fixing of a relation between the two metals when we have a declared policy of monometallism? Our interest is first to declare our own policy and then invite the nations to join us in that policy, and by doing so we shall have weight in such a conference. Without it we shall have little or no weight. We can force, if I may use that term, the nations of Europe to the use of silver again. They have been driven from it with great difficulty in Germany and have not been driven from it at all in the Latin union as has been so often said here. Germany finds it very difficult to get rid of her silver, and she has in circulation now

a large amount of silver full legal-tender at the ratio of 15½ to 1. If we readopt silver, I think it is quite probable, more, I think we may feel certain that the Latin union nations will join us in continuing the use of silver. I do not see how they can discard silver. They have still from five to six hundred millions of legal-tender silver in circulation, or forming the basis of circulation. If this silver is discarded, gold must take its place, and from whence is that gold to come? This struggle for gold is now going on. You add a new demand for $500,000,000, and what will be the effect? Certainly to largely advance the price of gold and make it impossible for all the nations to secure it.

The question now before us is whether we shall place this country upon the gold standard alone and with it compel the nations of Europe to discard silver and thus secure universal monometallism of gold in all European states and in America, or whether we shall change our present policy and utilize both silver and gold as metallic money and thereby sustain and uphold the Latin union and other states in the continued use of silver.

They cannot stand alone against England and Germany and the United States. If we do not use silver they must discard it, and it will be banished as money from Europe and America except as a token coinage, and the world's commerce must be conducted upon the single standard of gold. Mr. S. Dana Horton, one of the most learned and careful writers in our country, predicts the fatal effects of such a policy upon civilized states to be universal bankruptcy and destruction of all values. All values will be reduced from 30 to 50 per cent., measured in gold; credits in this country will be scaled up from 30 to 40 per cent.; the means of debtors to pay those debts will be scaled down in like proportion. That is the effect of the proposition of universal monometallism of gold; and it will not do to say we are in favor of a limited standard of silver or of a token coinage of silver, because when the nations are placed upon a limited coinage of silver it will be but a few years until silver must be discarded entirely. It is certain that if it should fall 30 or 40 per cent. below its present value it would be impossible to keep it in circulation as a token coinage. We are called upon to defeat this bill and thus lend our aid and influence to complete this work of destruction.

I believe, and the people of my section believe, in fulfilling every national and individual obligation. We believe that the creditors of this Government and the creditor classes should

be paid according to the contract and stipulation made with them; but we do not feel ourselves called upon by legislation to at once strike down one-half of the means of payment of these debts and by legislation increase the value of debts to the creditor. We feel that when we have maintained our obligation according to the letter and the spirit of it at the time the contract was made we have done all that we can be required to do. The single standard of gold means a reduction in the volume and an increase in the value of money. The double standard means that the present volume and value shall be maintained as near as may be; that the same commodities which at a given price and the same labor will pay a debt to-day will pay it next year; that our debts shall not be scaled up for the benefit of creditors nor scaled down for the benefit of debtors, but that each shall stand on the values fixed when the obligations were incurred.

Mr. President, I believe that if we shall adopt the amendments proposed by the Finance Committee, first limit coinage in amount on Government account, then provide for a conference of nations to agree upon a standard, it will be but a brief space of time until silver and gold, with free and unrestricted coinage of both, will circulate side by side upon a common ratio, and each will be exchangeable for the other and each an equivalent of the other.

In speaking particularly of his amendment authorizing the President to invite an international monetary conference Senator Allison said, on February 15:

I regard this amendment as of vast importance to the success of silver coinage. The monetary commission that reported upon this subject reported in favor of a conference of nations. This subject has been discussed over and over again by the scientists and the men who study the question of money in all the nations. The Senator from Nevada [Mr. Jones] first upon this floor in 1876, in an able and exhaustive speech upon the value of silver, had the honor of proposing an international monetary conference for the purpose of fixing a monetary unit and relation between these two metals. We simply propose here, not to say whether the United States will adopt the sovereign, or the franc, or the rupee of India, if you please, or any other coin. We simply propose that this conference shall consider one subject, and one subject only, namely, the expediency and feasibility of establishing internationally the use of bimetallic money

and securing fixity of relative value between these metals. Now, why is such a conference necessary? We, by our legislation here, fix the value of a silver dollar at 412½ grains, which is at the relation of 16 to 1. The bimetallic nations of the world to-day have the fixed relation of 15½ to 1, which overvalues silver 3½ per cent. as compared with the monetary unit which we propose to establish by this bill. Every dollar of silver coin in existence, whether in the form of francs, rupees, or German thalers, has a relation to gold bearing 3½ per cent. more than the relation which we fix by this bill. Then what will be the result if we persist in this monetary unit? The result will be either that the bimetallic nations of Europe will keep their mints closed; or, when they open their mints to the free coinage of silver, every silver dollar that is in the United States will flee again to Europe, as it did after the unfortunate and mischievous legislation of 1834, because we then established a wrong relation between the two metals.

If we are to loosen these two metals and have them circulate side by side, I agree that we must have some fixity of relation so that the mints, not only of our own country, but of other nations, will be open to the free, unrestricted, and unlimited coinage of silver. Therefore, the friends of silver, those who believe that it is wiser for the civilized nations of the earth to utilize $2,250,000,000, or about that sum, of coined silver money, should unite in making an honest endeavor at least to secure and establish a fixed relation between this silver to be used as money and the coined gold which many of the civilized nations will adhere to, whatever we may do in such a conference as is proposed. I do not expect that Great Britain will join in this conference and agree to adopt the double standard, but I believe that the influence of that great government will be thrown on the side of bimetallic money. She has two hundred million people in India who have to-day a thousand million of silver rupees, which is the only coined money of that country, and it is not reasonable to suppose that Great Britain will adopt a policy now which will destroy this thousand millions of coined money belonging to her subjects. Although England may not adopt the bimetallic system, she will encourage other nations and our own to persist in the use of silver as well as the use of gold.

I say, then, that, if gentlemen on this floor are serious and earnest in the use of silver money, I beg of them to initiate a proceeding here which will have the effect of making the use of silver money perpetual in our own country or for a series of years. I trust this amendment will not be voted down by the

friends of silver. If it is to be crushed let it be crushed by gold monometallism, because the monometallists of gold have no desire to see legislation either in this country or internationally that will secure the use of silver.

AUGUSTUS S. MERRIMON [N. C.].—The amendment looks to a league with foreign nations. I wish to say that I am opposed to all foreign alliances and entanglements. Let other nations fix their money standard as they will; let us fix ours as suits our convenience. If it turns out that they make a standard of value that suits us to conform to, we will take advantage of the occasion and circumstances that present themselves when the time shall come for us to change our own and fix some other.

JAMES E. BAILEY [Tenn.].—I regret, Mr. President, that the measure under consideration has been offered by the Committee on Finance as an amendment, and that it was not proposed as a separate bill, for I much fear that if we shall continue to load the bill as it came from the House with amendments made by the Senate it may give rise to contrariety of opinion and differences between the House and Senate.

Moreover, this is a bill to regulate simply the coinage of the Government and people of the United States. It is purely a domestic bill in its operation and effect, having reference alone to our own internal wants, and having no reference whatever, in its main features, to the existing coinage laws of other countries.

THOMAS W. FERRY [Mich.].—I am satisfied that the cooperation of foreign powers is desirable, but I do not feel that their coöperation is indispensable. My view is that it is desirable to secure their coöperation, but, if they decline it, we can stand alone, independent of other powers.

SENATOR ALLISON.—Is it not a fact that at one period because we put 412½ grains of silver in the dollar all our dollars were expelled from this country and were reminted and recoined in France and we were left exclusively to a gold standard after the act of 1834? Now, that same condition of things will take place again, and the Senator from Michigan, who loves the silver dollar, will find himself in a few years without a silver dollar and thrown back again upon a single gold standard, unless other nations discard silver, and in that event we can of course maintain it; but if these nations reopen their mints to silver our silver will go away from us, as it has often gone before.

SENATOR FERRY.—I do not confess to such fear that silver or gold is going to leave this country because we happen to

change the relation. It cannot leave without giving us an equivalent.

SENATOR ALLISON.—With free coinage it must go.

SENATOR FERRY.—We have stricken out free coinage in this bill as far as silver is concerned. The Senator from Iowa in his own amendment has stricken out the free-coinage feature of the silver bill.

SENATOR ALLISON.—But my friend from Michigan does not suppose that that provision is to last always. The very basis of this amendment is that, when we have fixed the relation that silver shall have, it will be open to free coinage in this country, and not only in our own country but in the other countries using bimetallic money——

SENATOR FERRY.—I do not believe in legislating to-day and inscribing on the face of the statute fear of the efficiency of that legislation by asking the future to condone such folly. I believe in legislating for the present and for the future without question. Others who follow us will take care of the unforeseen needs of the future. My judgment is that 412½ grains is the proper standard for silver to hold its equivalent relation to gold. Believing this, I do not wish to commit myself to any proposition that weakens it by indispensable coöperation with other powers. I am opposed, in other words, to the argument of the Senator, while I stand by the measure as embraced in the bill.

SENATOR ALLISON.—Well, vote the argument down and vote for the amendment. [Laughter.]

SENATOR BLAINE.—There are two points that have struck me in this debate. The gold monometallist says other nations will provide for our silver by their making it money. The silver monometallist says he wants no coöperation from other nations.

SENATOR MERRIMON.—I do not.

SENATOR BLAINE.—The Senator does not want any on cotton. It is an entangling alliance to take cotton to England and get pay for it; it is an entangling alliance to send tar, pitch, and turpentine across the ocean and get money for them; it is a very entangling alliance to have commerce with other nations. It seems to me there would be just as much force in saying you want no entangling alliances or any interchange whatever as to say it of that which is the basis of all interchange.

SENATOR MERRIMON.—Mr. President, the examples put by the Senator from Maine are not apposite at all. We send cotton to England or to France or to wherever we will without the consent of England or France as nationalities, if we can find

somebody there who wants to buy our cotton. So of any other product that we desire to send abroad. We do not want a commission to regulate the price that we shall receive for cotton, tar, pitch, turpentine, or anything else. We are perfectly free to sell when we will and where we will and as we will. This case is very different from the one which the Senator puts, and therefore the case he puts does not weigh anything at all in the argument. The proposition embraced in the proposed amendment contemplates an alliance with foreign nations on the subject of money, from which, if it is engaged in, we cannot recede at will. It is to last for a number of years; forty or fifty years.

SENATOR BLAINE.—The longer the better.

SENATOR MERRIMON.—In the mean time, if it should suit the convenience of this country to recede from it and change our money standard, we should not be at liberty to do so without a breach of that alliance which might involve us in war or other difficulties.

SENATOR BLAINE.—I suppose the Senator from North Carolina, then, is opposed to a pound in his State being a pound in Liverpool, or a bale of cotton weighing the same, or to weights and measures being the same between any two nations.

SENATOR MERRIMON.—I am entirely unless——

SENATOR BLAINE.—He is for one weight for cotton in North Carolina and one in Manchester.

SENATOR MERRIMON.—I am unless it suits the business of this country to do it. If it does we will conform our action to the measure of value in that country and we will do it without a league, without an alliance.

SENATOR BLAINE.—Therefore the Senator thinks on the whole, if it is better to have fourteen ounces made a pound here, we shall have it despite the world.

SENATOR MERRIMON.—Certainly.

SENATOR BLAINE.—Well, it is a great free American right we ought to maintain. [Laughter.]

SENATOR MERRIMON.—And then we could adjust them as exchanges are regulated now. A dollar is not equal to a pound, and yet we can resolve Federal money into English money and English money into Federal money. There is no difficulty at all about that. The Senator from Maine a while ago asked with an air of triumph if moral considerations had anything to do with money transactions. I tell him yes, they have everything to do with transactions such as the bonds of this country or any country. What but the morality of this country, what but the

honor and good faith of this country, gives value to our securities in foreign lands or in this country?

SENATOR BLAINE.—That is the application of money.

SENATOR MERRIMON.—We cannot be sued on our bonds. There is nothing but the morality of this people that gives them credit. The morality of a man adds weight to the value of his personal bond, his personal security, it adds to it and makes up the very essence of the contract.

But, sir, my objection was that this proposition looks to an alliance with foreign nations, and I am opposed to that, and I predict now that when the vote is taken ten minutes hence it will be found that everyone in favor of a single standard votes for this proposition.

SENATOR BLAINE.—The Senator from North Carolina, I think, not intentionally of course, misrepresents what I said about moral worth not being of any value in the money market. What I meant and what I answered the Senator from Michigan was this: That Senator was maintaining that regardless of the weight of this dollar the moral weight of this Government beneath it could float it. The Senator when he comes to argue refers to the application of money. If you owe a debt you have got to pay it; but does the Senator say that, however great the moral worth of this Senate or the moral worth of the nation that the Senate represents, it can throw that moral worth into the scales to throw up or weigh down an indifferent or short dollar?

SENATOR MERRIMON.—I do not.

SENATOR BLAINE.—At what particular per cent. in the dollar does the Senator put moral worth? Is it 8 or 10? What is the component part when you come to the one hundred cents that make up a dollar, that the moral worth of any nation gives it?

SENATOR MERRIMON.—What I mean to say is this, that, while it would be convenient to have a universal standard of value, as I admit, while it would be desirable, I would not compromise this country by making an alliance with England or any other, or any number of foreign nations. But, while it is convenient to have a uniform standard of value, the world has never had it. I believe it is utterly impracticable that the world ever should have it.

SENATOR ALLISON.—Does not the Senator know that the yard stick is an English invention and that the Winchester bushel is our bushel, a bushel two or three centuries old? All we propose here is that the relation shall be the same. We make no alliance with anybody; we simply agree with France that if

she insists on 15½ to 1 we will adopt 15½ to 1 in the silver coined at our mints.

SENATOR MERRIMON.—Then, if it is not to be a league, I ask what good it does. Let England fix her measure, France fix her measure, Germany fix her measure, and if upon experience and observation we find it suits us to make our measure conform to that of these foreign nations we can do it without consulting them. In the exercise of our free right we can do it. We have nothing to gain by such an alliance, but everything to lose.

ELI SAULSBURY [Del.].—In addition to what has been said by the Senator from North Carolina, this fact looks us in the face: when we meet the Latin union upon the question of the relative amount of silver and gold which shall constitute the coins, we shall be met by the fact that there are about two hundred and fifty million people to-day who use coins at the relation of 15½ of silver to 1 of gold, and we, being a population of about forty-four million people, would necessarily have to yield to their views upon that question; and involved in that is the recoinage of all our silver dollars and all our subsidiary coin. Now, if the people of this country are going to be put to the expense of the recoinage of all their silver dollars for the purpose of being in harmony with the Latin union, you may commence to put your convention in operation to-morrow, and it will take two years at least before they will arrive at any proper conclusion in reference to this matter. Do you think the representatives of this country would agree to the recoinage of all the silver dollars and all the subsidiary coin of this country or that the Latin union would agree to abolish the five-franc piece and come to the dollar of America? You have got innumerable questions of difficulty to be met whenever you undertake to create such a league.

JOHN T. MORGAN [Ala.].—The first suggestion that strikes my mind in regard to this amendment is that the friends of silver remonetization upon that standard of value maintained at the time of its demonetization are apprehensive that this measure will not meet with public acceptance unless we go abroad for an indorsement of our policy. In that respect we do not give to the judgment of the legal tribunal of the United States, the Congress of the United States, that sort of value which belongs to the dignity and grandeur of our own country. I think that the American people have as much right to prescribe for themselves the standard of currency, the standard of value between the two metals used as currency, as they have to prescribe

for themselves a tariff or any other institution or establishment that belongs to American affairs.

I do not desire to go abroad to ask foreign nations what they will do in establishing a proper unit of value, or a proper standard of value either, for any part of the currency of the United States, whether it be gold or whether it be silver. Is there anything within the reach of the possibilities of human knowledge and human exertion that cannot be accomplished by the enterprise and wisdom and intellectual power of the American people? You, sirs, have proved your power in this world by one demonstration which centuries will pass away without affording to this country or to any other nation in this world an opportunity to prove. You have proved the power of a free, constitutional, liberal Government in the maintenance of the rights of States and of individuals amid the struggles of a war the like of which has never been seen on any other continent or in any other age. You have demonstrated that the greatest power that is possessed by any people in the world is that power of liberal constitutional government which is possessed by the American people. We have suffered by it, but we come to acknowledge the authority and the grandeur and the splendor of that authority erected in the Constitution of the United States, the like of which is not to be found in any other government among civilized men in this or any other age. Now, sir, having demonstrated this power, this capacity, this capability, this moral, intellectual, and political grandeur, why yield your power to foreign countries and invite them to come in here and participate with you in the administration of your local affairs? Sir, you surrender the grandeur of the American character when you resort to schemes and expedients like these. Let me conjure you, Mr. President and Senators, that we should now adopt, South, North, East, and West, that grand idea of American independence and American power, intellectual, moral, and physical, which is the result of the experience of the past and the view of the capacities of the present. I do object, in common with the Senator from North Carolina, to foreign alliances, foreign entanglements, and foreign associations.

SAMUEL B. MAXEY [Tex.]—The Constitution of the United States declares that Congress shall coin money and regulate the value thereof. In regulating the value of that money thus coined it adopts and regulates the "ratio between gold and silver." If Congress adopts the ratio, it does so upon its own judgment, and it cannot be controlled and should be wary of influence, in the exercise of that judgment, by any foreign power.

How can any conference with other nations result in international use of bimetallic money *"and fixity of relative value between these metals"* without all the nations engaged agreeing to be bound by it? If bound, does not Congress, however its action may be covered up by legislation, really designed to carry out the agreement, virtually abdicate its power to coin money and regulate the value thereof? If all are not bound then the whole movement is an abortion.

Mr. President, the proposition we have before us has nothing to do with international conferences, but is a substantive, distinct proposition. What is it? That we shall restore our coinage laws to what they were before this strange, mysterious process was gone into whereby the silver dollar was eliminated from the coinage of the country. We want to put it back where it was. Let us do that. Then hereafter, as a substantive and distinct proposition, if it may be important to consult with other nations in the direction of uniform coinage, it may be done; but it has in my judgment no business here.

SENATOR EDMUNDS.—I shall vote against this amendment not upon the ground that it is not proper to have a conference—I think the Senator from Iowa is entirely right about that; the constitutional objection to my mind is untenable—but this conference is limited on our part in advance to the question of adjusting a *bimetallic* standard. There is no authority to consider the fitness of establishing for all these nations a common unit of values in one metal, be it silver if you like it better, or gold if you like that better; but the commission is tied up; the matter is decided in advance so far as it affects the interests of the people of this country and those of others, to this thing of a double standard of value, which the experience of this country and every other has shown from the beginning to be only fraught with disaster to everybody that engages in it, because under a double standard one metal will constantly depart from the other and therefore constantly cheat and wrong somebody.

The amendment of Senator Allison was agreed to by a vote of 40 to 30. The bill was passed by a vote of 48 to 21. The Senate amendments were concurred in by the House. President Hayes vetoed the bill on February 28, 1878. He gave the following reasons for his action:

The bill provides for the coinage of silver dollars of the weight of 412½ grains each, of standard silver, to be a legal tender at their nominal value for all debts and dues, public and

private, except where otherwise expressly stipulated in the contract. It is well known that the market value of that number of grains of standard silver during the past year has been from ninety to ninety-two cents as compared with the standard gold dollar. Thus the silver dollar authorized by this bill is worth 8 to 10 per cent. less than it purports to be worth, and is made a legal tender for debts contracted when the law did not recognize such coins as lawful money.

The right to pay duties in silver or in certificates for silver deposits will, when they are issued in sufficient amount to circulate, put an end to the receipt of revenue in gold, and thus compel the payment of silver for both the principal and interest of the public debt. One billion one hundred and forty-three million four hundred and ninety-three thousand four hundred dollars of the bonded debt, now outstanding, was issued prior to February, 1873, when the silver dollar was unknown in circulation in this country, and was only a convenient form of silver bullion for exportation; $583,440,350 of the funded debt has been issued since February, 1873, when gold alone was the coin for which the bonds were sold, and gold alone was the coin in which both parties to the contract understood that the bonds would be paid. These bonds entered into the markets of the world. They were paid for in gold when silver had greatly depreciated, and when no one would have bought them if it had been understood that they would be paid in silver. The sum of $225,000,000 of these bonds has been sold during my Administration for gold coin, and the United States received the benefit of these sales by a reduction of the rate of interest to 4 per cent. During the progress of these sales a doubt was suggested as to the coin in which payment of these bonds would be made. The public announcement was thereupon authorized that it was "not to be anticipated that any future legislation of Congress or any action of any department of the Government would sanction or tolerate the redemption of the principal of these bonds or the payment of the interest thereon in coin of less value than the coin authorized by law at the time of the issue of the bonds, being the coin exacted by the Government in exchange for the same."

In view of these facts it will be justly regarded as a grave breach of the public faith to undertake to pay these bonds, principal or interest, in silver coin worth in the market less than the coin received for them. It is said that the silver dollar made a legal tender by this bill will under its operation be equivalent in value to the gold dollar. Many supporters of the

bill believe this, and would not justify an attempt to pay debts, either public or private, in coin of inferior value to the money of the world. The capital defect of the bill is that it contains no provision protecting from its operation preëxisting debts in case the coinage which it creates shall continue to be of less value than that which was the sole legal tender when they were contracted. If it is now proposed for the purpose of taking advantage of the depreciation of silver in the payment of debts to coin and make a legal tender a silver dollar of less commercial value than any dollar, whether of gold or paper, which is now lawful money in this country, such measure, it will hardly be questioned, will, in the judgment of mankind, be an act of bad faith. As to all debts heretofore contracted, the silver dollar should be made a legal tender only at its market value. The standard of value should not be changed without the consent of both parties to the contract. National promises should be kept with unflinching fidelity. There is no power to compel a nation to pay its just debts. Its credit depends on its honor. The nation owes what it has led or allowed its creditors to expect. I cannot approve a bill which in my judgment authorizes the violation of sacred obligations. The obligation of the public faith transcends all questions of profit or public advantage. Its unquestionable maintenance is the dictate as well of the highest expediency as of the most necessary duty, and should ever be carefully guarded by the Executive, by Congress, and by the people.

It is my firm conviction that, if the country is to be benefited by a silver coinage, it can be done only by the issue of silver dollars of full value, which will defraud no man. A currency worth less than it purports to be worth will in the end defraud not only creditors, but all who are engaged in legitimate business, and none more surely than those who are dependent on their daily labor for their daily bread.

Congress passed the bill over the veto, the House by a vote of 196 to 73, and the Senate by a vote of 46 to 19.

International Monetary Conference

The international monetary conference for which provision was made in the bill was held at Paris in the autumn of 1878. The American commissioners were Reuben E. Fenton, William S. Groesbeck, and Francis A.

Walker, the economist. The principal European nations were present with the exception of Germany. The conference came to no practical conclusion, simply agreeing that "it is necessary to maintain in the world the monetary functions of silver as well as those of gold"; but that "the selection for use of one or the other of the two metals, or both simultaneously, should be governed by the special position of each State or group of States." The proposition of the United States "that the delegations recommend to their respective governments the adjustment of a fixed relation between the two metals and the use of both in that relation as unlimited legal-tender money," was rejected.

CHAPTER IV

Free Coinage of Silver

Richard P. Bland [Mo.] Introduces in the House a Bill for the Free Coinage of Silver; It Is Reported Adversely by the Majority of the Committee on Coinage; Report of the Minority in Its Favor—Debate: in Favor, William D. Bynum [Ind.], Mr. Bland, Thomas N. Norwood [Ga.], Charles N. Brumm [Pa.], George D. Tillman [S. C.]; Opposed, Darwin R. James [N. Y.], William McAdoo [N. J.], Abram S. Hewitt [N. Y.]; Bill Is Defeated.

ON February 15, 1886, Richard P. Bland [Mo.] introduced in the House a bill for the free coinage of standard silver dollars as full legal tender. The bill repealed the provision of the act of February 28, 1878, which called for a fixed monthly coinage of silver. It was referred to the Committee on Coinage. It was reported back next day with an adverse recommendation from the majority of the committee.

On March 20 Mr. Bland submitted the minority report. The two other members of the minority were Samuel W. T. Lanham [Tex.] and William D. Bynum [Ind.].

The arguments in the report will develop in the speeches of Bland and Bynum.

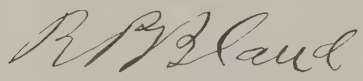
Free Coinage of Silver

House of Representatives, March 20–April 8, 1886

Darwin R. James [N. Y.], of the majority of the Committee on Coinage, opposed the bill.

I am not a lawyer nor am I a professor, neither has my life been closely interwoven with the interests of practical politics, but I have attended to the business of a merchant.

People are more wont to look to the lawyer, to the professor, and to the political leader for light on these questions than to plain business men. But unfortunately, Mr. Speaker, this habit



does not seem to have produced good results in this matter of the coinage of the silver dollar. We have tried it for eight years nearly, and here we are now in a slough. How are we going to get out of it? That is the question. The car of state is very nearly being ditched. It is not a question of doing something great, it is a question of getting out of something bad. It is not a question of making good time on the road, it is a question of getting the wheels out of the slough. It is a question of making salvage. What are we going to do about it? Things have gone on from bad to worse, and this is the outcome of the leadership of the lawyers, the professors, and the authorized leaders of politics.

It is through these circumstances, Mr. Speaker, that it has been borne in upon me that it is not out of the way for a business man to take a hand in the debate. There is all the more reason for this from the fact that the monetary question is peculiarly a business question. On final analysis—getting down to bed-rock—the monetary question is a question of prices, a matter of buying and selling.

I have no doubt that if the business men had had the power to deal with the silver question the team of State would not have been stalled in the mire as it is now, and it is largely their fault that it is so, for they knew what the end would be. They should have spoken out from one end of the country to the other; they should have insisted that their advice be followed.

I believe we should be practically unanimous after hearing from them in voting a measure which would close the current chapters of the history of compulsory coinage.

I have given study to the facts which make the theories upon this issue, and have measured the measures proposed with the same spirit of determination to be right which I applied to my own business while in India, where I handled the rupee, or in New York, where I sold the products of the East. The result may be summed up in these words: the so-called demonetization of silver has been from the start a great business blunder. I do not wish to be misunderstood by either the extreme gold men on one side or the extreme silver men on the other, in my use of this term. They presumably think I mean the anti-silver law passed by Congress in 1873, and the revision of the statutes in which the silver dollar was spirited away. Well, I do not. Perhaps they think I ought to mean it if I speak of demonetization. I do not think so.

In the first place, who demonetized silver? My friends here talk as if the United States had done it. The so-called de-

monetization, which is in fact only an effort at demonetization (a partial outlawry of silver) is the culmination of a joint undertaking. The chief quota of outlawry belongs to the nations that controlled most silver and gold. France and her allies of the bimetallic, free-coinage union controlled nearly two-thirds of the metallic money of Europe.

With their alternative free coinage, coining all that came, whether gold or silver, at an express valuation by weight, they held the par steady for generations. England's anti-silver quota had been subscribed and paid so long that it had all been spent. Germany's quota to the fund was very large; in fact the responsibility for the evil results which followed demonetization in Europe is chargeable to the action of Germany.

After the capture of Paris, in 1871, a series of anti-silver and pro-gold laws were enacted, followed in 1873 by direct acts of calling in silver coin to be sent to the melting pot, and thence to the bullion market. France saw that if she continued the coinage of silver she was simply "bulling" the market for German silver, and was paying out gold for a metal that would become a burden to her if Germany's action should be followed by other nations. She therefore stopped its coinage. The action of France was thought to be necessary, but it was very unfortunate. She felt that she could not afford (by keeping her mints open to silver) to enable Germany to transmute her stock of silver into gold, taking French gold for demonetized German silver. It was not agreeable to France to "bull" silver for Germany's benefit, and face the uncertainties of the monetary future with the added burden to carry off the rejected silver of Germany.

It was said in 1870 by a leading statesman in Europe, Peer-Herzog, that the anti-silver campaign is like a steeplechase—those that demonetize first will win the prize, and those that come later will pay for all the demonetization that has preceded theirs. Each was, therefore, in a hurry to demonetize for fear the other would demonetize first; each afraid to keep up silver coinage because the other rejected it. The impetus given by Germany's attack was passed along the line, and one after the other of the mints of Europe was closed to silver. Now, when I say this was a business blunder I do not say that it was a blunder of each nation acting by itself and in the sole alternative of keeping up free coinage within its own borders of all the silver that might come, or, on the other, of closing its mints. If it had been a simple choice between these two courses there would seem to have been no way other than to stop.

As the case was presented to France in 1874 and to Holland in 1875 it was the only safe alternative to be pursued. There are occasions in one's business experience when the question arises. "Shall we sell or hold?" Our neighbors, like ourselves, are loaded with the same article; if we sell it is at a sacrifice; if we hold there is a loss; but if we combine and arrange we can all sell at a profit.

But suppose you cannot arrange, or think you cannot, and therefore do not try, what is the result? You force sales; the bottom is knocked out of the market, and down goes the price. It was a great blunder of the nations as a whole, and it was a blunder of each single nation in so far as that single nation could have stopped the ruinous course of all. No one nation could afford to have the others unload upon it. In point of fact there was neither sense nor reason in any nation trying to unload. It was a blunder to try; each nation as it closed its mints to silver helped to depreciate the stock of silver coin it had on hand, helped to render the money basis of its valuations insecure, and helped to reënforce the momentum of Germany's attack on the stability of the existing valuations of property throughout the world. The result was insecurity, uneasiness in the money markets, and a great check to business activity.

I am aware that there has been a widespread habit of ignoring these facts. It was fashionable, so to speak, at one time to shout for the single gold standard and for the demonetization of silver. Those who did the shouting do not care at this time to be known. For several years they tried to conceal the harm they produced but they could not. The facts are against them. The business of Europe was done with both metals; by legislative enactment one is stricken down and becomes non-exportable except as bullion. Now, who will presume to maintain that a country like Holland can do business as easily and successfully with its twenty millions of gold, full weight and exportable, and eighty millions of non-exportable because depreciated token money, as with one hundred millions of full-weight exportable money? To depreciate the scope of that eighty millions or, in other words, to strike it with lameness, was bad business. Yet Germany and France had forced Holland into this position, and so she stopped coining silver and took to coining gold, doing what she could to increase her stock of this metal.

The outlawry of silver in Europe reduced a thousand millions of silver to the condition of inexportable, non-international, depreciated money; in other words, to the condition of tokens

which are a burden to the state and the business community. Now, all this never would have occurred if there had not been anti-silver laws. Had it not been for these there would have been no depreciation of silver. Hence it is I say that the outlawry of silver was an immense business blunder and a great business loss for each nation affected by it. The story of the last ten years in Europe is a story of business depression unexampled in history, and the main cause of the depression lies where any business man can see it if he takes the trouble to look, namely, in the series of laws in the different States of Europe artificially contracting the metallic basis of valuations and making insecure a foundation which should have been solid.

Now, we have heard repeatedly from the extreme silver men that this anti-silver movement has been and is a great conspiracy of the creditor class, of the bondholders of the civilized nations, and that they worked up this sentiment for selfish ends. Such is not the truth. The professors of political economy of a generation which directed thought were not what is called "the servile hirelings of bloated bondholders." These men thought they were reformers, and they meant well, but their foresight was incorrect. They made a mistake. The outcome of their work was an enormous business loss which they had not foreseen, and was consequently a great business blunder.

The end is not yet. We are only in the midst of this craze, which, as has been well said, was the outcome of scientific error, reënforced by national pride, and uniting the chief nations of Europe in a joint attack upon silver. Now, how is this movement to be reversed? It is a great question; those who have carefully studied the reports of the two international conferences called by the United States can form an idea of the extent and intricacy of the subject. People talk of the lack of success of those conferences. They do not comprehend how vast a matter we were trying to handle; nor do they comprehend the innumerable difficulties in the way arising through national pride, blind selfishness, and a reluctance to being taught which the commissioners had to meet.

Now, let me turn to the question, How has our coinage of the silver dollar operated upon Europe?

I affirm with certainty that it has operated injuriously to the success of the effort to restore bimetallic free coinage. There is one thing, Mr. Speaker, which we may take for granted: there is a good deal of human nature in Europe as well as in America —Europeans are men, and they are not devoid of sense. If you or I were European and lived in the midst of prejudice as general as that which induced the politicians of European nations to commit themselves to an anti-silver policy, and when those great bodies, which move so slowly, had already moved and taken a stand, I think that we should consider it a very pleasant thing if a great and wealthy nation across the sea would take hold and help us out without asking for any help in return.

The coinage of silver by the United States eased up the situation for the gold monometallists of Europe. The statesmen who committed themselves and their countries to monometallism found allies in the United States, and of this number not one more efficient than the gentleman from Missouri [Mr. Bland.] Outside of what the coinage of silver has been doing all the time, it has been a constant promise for the future that they are to be "let out" more completely. I cannot understand, Mr. Speaker, why the extreme silver men fail to see that they are really the cat's-paws of European monometallists. I do not use the word in any way offensively—but it is strong, in so far as they seem to be picking the chestnuts out of the fire. Perhaps there may be a tinge of blind self-interest in the ground they take, or, if that does not suit, let us suppose that they have found the silver question a much more momentous one than they have hitherto contemplated and do not now care to face it in all its diverse bearings. Perhaps they have thought that silver is a "local issue," as a certain distinguished gentleman once remarked with reference to the tariff. If so, they were again mistaken.

It is more than a local issue, it is an international one, and it is because the silver men have failed to comprehend this fact that they have gone on in their blind, selfish advocacy of a financial policy which has operated as disastrously at home as it has abroad, and which threatens at this moment to strike down with paralysis the commercial and industrial interests of the country. With these views and under these circumstances I do not hesitate to say that the coinage under the Bland act has been from the beginning and is now a colossal business blunder. The advocates of the measure proposed and expected it to restore the price of silver, but it has steadily declined as compared with gold from an average price of 52 9-16d. per ounce in 1878 to 46½d. per ounce at present.

If it had not been for the passage of the Bland bill in 1878, I believe that long ere this silver would have been remonetized in Europe, and that in Europe and the United States the mints would have been open to the free coinage of silver as they are to

gold, and that the two metals would have been at a parity one to the other at a fixed ratio, as agreed upon.

The true friends of silver, the people who want silver restored to its proper place relatively to gold, as it was before its outlawry in Europe began, all recognize this. They have said it in print continually. The European bimetallists have been in battle array all these years fighting for the cause of silver.

But during these years they have said and felt that the men in the United States who desire to keep up a local silver coinage when other nations have stopped are the enemies of bimetallism. Our bimetallist friends are there carrying on a fight against stupidity in high places, and those who ought to be their friends, who claim to be their friends, are all the time encouraging their enemies to hold out, encouraging them with present help and with promises for the future; in fact, many of these men who called themselves bimetallists have now thrown off the mask and are pronounced silver monometallists, and demand free coinage. Now, Mr. Speaker, these European bimetallists are the men beside whom we ought to stand and with whom we ought to join forces. We ought to help them in their struggle with indifference and prejudice in high places and with the gold monometallists who want the single standard through error or greed.

To do this we must follow the advice of those who know something about the importance of the international side of the controversy, and suspend the coinage of silver, in order that we may help our European bimetallist friends to accomplish that which is of paramount importance to us—namely, the remonetization of silver in Europe. But why have we not done this? Because our people have not understood the question. The silver mine owners, in their greed for present gains, have not looked to the future. They have been content to take the best price they could get for their bullion on a declining market rather than wait until international bimetallism is restored, when their profits would be largely increased. They have kept up a cry against bondholders and the "gold-bugs" of New York whereby they have deceived the people; they have flooded the country with their publications, and have had, as they have now, large sums of money at their disposal for manipulating public sentiment; in fact, they are thoroughly organized, with a headquarters in this city.

The true friends of bimetallism are undoubtedly largely in the majority, but they are scattered and are fighting at odds against an organized force. But I predict that it will be as it was in the days of the "greenback craze," that when the people

come to understand the question they will speak out for the suspension of the coinage of the standard dollar as they spoke in no unerring tone at the period to which I refer.

It may be that they will not learn the lesson except by further financial disaster consequent upon continued coinage. But, under any circumstances, this is a campaign in which there can be but one successful issue, namely, the reëstablishment of silver in its proper place relative to gold through international agreement. Until this is accomplished there must be no surrender. The fight must be maintained. Coinage under the Bland law must be suspended entirely, for to continue coinage under this law is but organized chaos for the United States.

The continuance of the present law is sure to thoroughly disarrange the monetary system and to further shake public confidence. It is the very indefiniteness of the continuance of coinage without concurrent coinage in Europe that so completely alarms business men; and I say this as a representative of the business interests which are concentrated in and around New York. New York is the commercial and financial center of the nation. That which affects the business interests of New York affects the business interests of the entire country, and *vice versa*.

With some regret I say that I have often felt chagrined at remarks made upon this floor concerning New York; there seems to be an impression that her interests are inimical to those of the great West and South; that her merchants are moved largely by motives of narrow selfishness, and that it is her "bloated bondholders" who are the conspirators against silver and who are seeking to bring about the single gold standard for their own profit. This is an eminently unfair characterization. There are extreme silver men in New York, in fact I see it charged in certain metropolitan journals that the seat of the agitators (I do not use the word conspirators) for free and unlimited silver coinage is in New York. Undoubtedly there are extreme gold men there also, but during the last two years important lessons have been learned, the subject has been studied in the light of new experience, and to-day New York as a State is pronouncedly in favor of international bimetallism.

Now, as I have intimated, the great mass of the merchants and bankers are international bimetallists who demand that silver be restored by treaty agreement to its proper place in relation to gold, and these men will not be satisfied until it is accomplished, for they recognize it as the only true solution of the silver problem. They recognize the fact that a gigantic business blunder was committed when silver was stricken down by the

European nations, and though some of them may at the time have thought the course a wise one they have long since repented having had any sympathy with it. Gentlemen, there can be no general prosperity upon a sound basis in this country until silver is restored through concurrent action of the nations agreeing to open their mints once more to free coinage at a fixed ratio with gold. The result of eight years' experience has shown to the true friends of international bimetallism that the enactment of the Bland law was a gigantic mistake as it has been the principal hindrance to the settlement of the question upon a broad international basis.

Judge Buckner, of Missouri, who served six terms in this House, was one of the ablest advocates of the Bland bill. In a speech made during the closing days of the Forty-eighth Congress he said:

> Our people are thoroughly bimetallic, and will never be content with a monetary circulation composed exclusively either of gold or silver. Their traditions as well as their interests demand the use of both metals—with the value of each regulated at such ratio as that neither shall be degraded to the condition of a mere money token, and both shall perform their part in the commercial exchanges of the world, on terms of perfect equality.
>
> This can be done only by the concerted action of the chief nations of Europe with our Government; and to bring about this concert of action the first step must be taken by us, and that step should be to suspend the operation of the silver coinage act for a time, in whole or in part, and at once enter upon negotiations with European nations to establish a fixed ratio of valuation between the two metals, and open their mints to the free coinage of both gold and silver on such terms as may be agreed upon. If we pursue our present policy there is nothing more certain than that the gap between the market value of the two metals will continue to grow wider and wider, and this country will be compelled to make choice between gold or silver monometallism. I would regard either as a great calamity to this country and the world, and I have an abiding conviction that the present is an opportune period for taking prompt and decisive action on this important question.

As a business man, and speaking from a business standpoint, I say that proposition is a sound one. But I desire to be understood that I am not opposing silver; I recognize its importance with gold as a coin of our Government. I have more confidence in it than the distinguished Senator from Colorado [Henry M. Teller], if he meant what he is reported to have said in his speech of January 19. His words are as follows: "Suspension will degrade silver to such an extent that it will cease to be a money metal."

In this one sentence he has given away his cause. He evidently has no respect for the article. In his view the only thing

that keeps it a money metal is the coming of two million Bland dollars per month! Preposterous!

If silver had no better advocates its cause would be lost. What, cease to be a money metal when Europe holds a thousand million of it as full legal tender, when it is still the standard of Austria and Russia and when all Asia uses it as money, whether coined or not, to say nothing of Mexico, Central America, and most of the countries of South America! Silver, had it a voice, might well cry, "Save me from my friends" if they be such as the Senator from Colorado.

We can continue the present anomalous law of compulsory coinage of two millions per month, or we can take the panacea proposed by the honorable member from Ohio [A. J. Warner], permitting the holders of silver bullion of standard fineness to carry it to the mint and receive therefor treasury certificates, or the plan proposed by the honorable Senator from Ohio [John Sherman], whereby the Secretary of the Treasury is authorized to purchase not less than 2,000,000 nor more than 4,000,000 ounces of silver per month, of standard fineness, for which coin certificates are to be issued on the cost of the bullion; we can continue as we are, or adopt either of the above plans or any one of the half dozen other plans proposed, but, in my judgment, they are all but temporary expedients and should not be entertained by the Congress of the United States.

Free coinage is what we want to accomplish, and in my opinion it can only be done through the medium of suspension. So long as this coinage continues and uncertainty exists as to our future course, so long it is easy for European statesmen to put off dealing seriously with the question. But a date for suspension would, as has already been well said, serve as "a notice to quit." Opinion in Europe is reassuring on this point. In Germany the convention of agriculturists has repeatedly discussed the silver question in its general assemblies and expressed itself in favor of the international double standard as being in the interest of German agriculture. During the past year the distress of these interests became so much greater that the executive committee of the convention felt it to be its duty to address an earnest petition to the Diet, and a resolution favoring the international double standard was passed November 12.

On February 11 a Reuter telegram from Berlin stated that the motion introduced by Herr Huene in the Reichstag on behalf of the conservatives, urging a new and searching inquiry into the currency question, with a view to ascertaining whether it would be better to adhere to momometallism or return to a

double standard, was adopted by a vote of 145 to 119. The result is a great triumph for the international bimetallists. Gentlemen, I could produce evidence almost indefinitely to show that Germany is alive to the importance of a settlement of this question, and with a little more pressure would be ready to agree to an arrangement, but so long as we are bound by law to continue indefinitely to grind out at least two millions of Bland dollars per month we greatly retard if we do not directly prevent success.

Turning to France, I think I am safe in saying that, judging from her past history and from recent action, she would not be slow to consent to enter into negotiations to establish international bimetallism.

From the London *Bullionist* of February 6 we learn that an official decree had been promulgated appointing a permanent commission to consider the monetary question in France and other countries. I can say on excellent authority that there is not a prominent man in Holland who is not an international bimetallist.

Turning to England, we find that the friends of the double standard are waging a hand-to-hand fight with the advocates of the gold standard, and that latterly the conflict has become very sharp. On January 22 the annual meeting of the "International Monetary Standard Association" was held in London. Henry H. Gibbs, ex-governor of the Bank of England, presided, and, among other things, said that "he believed that the royal commission (of which he is a member) on the depressed condition of trade in Great Britain would report that the present condition of the silver question had an important bearing on the depression."

The meeting before adjourning resolved to form a gold and silver league on a popular basis. At Manchester, on the evening of February 16, a large and important silver meeting was held, including many members of Parliament and prominent silver advocates.

International bimetallism can be accomplished, however, without England, for it existed without her from 1816, when she demonetized silver, until 1871. It was then that Germany began her attack upon silver in endeavoring to follow the example of England and became a gold single-standard country.

This brief review of the state of opinion in Europe shows that the scheme of getting the nations to agree upon the measure of mutual benefit which the United States proposed to them in 1878, and again in 1881, is a practical one, based upon the

FORCED TO PEDDLE, THOUGH HE IS RICH

And this humiliating state of things will continue until Congress regains its reason and gives him a sensible financial system

Cartoon by Dalrymple in "Puck"

enlightened self-interest of the various nations whose agreement is sought. It shows that the obstacle to success is the indifference, the dullness, and ignorance of men in power in those governments; and, further, it shows the practical difficulty of getting nations to move.

Now, gentlemen, the measure which I advocate will accomplish this result in every nation in Europe. A date fixed by us for suspension of the coinage of the standard dollar, unless there shall be international concurrence before this specified time, is a summons left in the hands of every European statesman who has any responsibility to his country, to his sovereign, or to his constituents; a summons which he cannot forget or ignore, to wake up and take hold of this question in order to bring about its settlement upon the only basis which can possibly be permanent and satisfactory, the basis of international bimetallism through treaty agreement to open mints to the free coinage of silver at an established ratio to gold.

In my judgment the silver mine owners have gone too far in trying to sell their silver; they have overestimated themselves. If they had been more modest in their claims they would have realized more than they have done. It was their fortune to have their private interests tied fast to one of the great interests of mankind, and they were so elated that they began to think they could control the monetary interests of the country. The silver men are trying to run the silver question, and the most they have done is to do harm to the cause of silver. Alas, for silver, if it had only such friends as these!

This Government started a movement to get the nations to combine on restoring silver. That work is now in progress. It is in the hands of its friends in Europe who are working their way toward success. They ask our help; they ask us not to weaken them by continuing our coinage at the ratio of 16 to 1.

And now comes the same old cry for free and unlimited silver coinage, which from the beginning has encouraged the gold men of Europe to hold firm in the position they have taken. Gentlemen, I appeal to the sober second thought of this House to stifle this cry, which is really, though its authors may not know it, treason to the true interests of the country.

Gentlemen, this country is for bimetallism; it is for the restoration of silver to its former rights side by side with gold, rights which it had and which were guaranteed by international concert, and which shall be given and guaranteed by international concert again. The country, I say, is for an international ratio. This country is not in favor of a local ratio.

Let me tell my colleague on the committee [Mr. Bland] that we are neither red Indians nor Chinese; that this ratio of 16 to 1, on which the present dollar is coined, is not a "totem" nor "medicine" nor a little "joss" to our people. What they want is to see silver as good as gold, and no local ratio can accomplish that result. The ratio of 16 to 1, and free coinage, mean the silver standard. I congratulate the three members of the minority who signed the minority report that they have been frank in saying that they "see no harm in coming to a single silver standard."

Now, Mr. Speaker, this country does not want the single silver standard. It will not have it. The only reason why the people tolerate the existing coinage of silver is because they have not fully understood the question. Error has been spread abroad throughout the land, and the Government Printing Office is being further used for its dissemination. It is time to call a halt, and I appeal to all men who care for the best interests of the people to unite in an effort to suspend compulsory coinage and for the accomplishment of international bimetallism. [Great applause.]

Mr. Bynum supported the bill.

Gold and silver are the only moneys of consequence in the world. Gold, being the more valuable and the easiest transported, has become the international money, and is used largely in the settlement of balances of trade, while silver, the less valuable, is more convenient for small transactions and is better adapted to the wants of the people in their dealings with each other.

Silver pays the laborer for his work in the field, in the manufactory, in the shop, and in the mine. It purchases his provisions from the grocer, pays his rent and clothes his family. As well said, "It is the people's money." Take away silver and you destroy the industries of the people which furnish the balance of trade in our favor, and our gold will leave us to square the account. Give to American labor plenty of silver and it will furnish products that other nations will purchase and pay for in gold. Gold will not be driven out so long as the balance of trade is in our favor; it will not remain when the balance is against us. Gold is, and ever has been, an unreliable money. The great interests of our people, transacted largely upon confidence and credit, should have a basis neither timid nor cowardly.

If you confine the people of this country to the single standard of gold, periods of depression more lasting and more terrible than we have ever experienced will be our portion. As well said by Senator John J. Ingalls [Kans.]:

No enduring fabric of national prosperity can be builded on gold.

GOLD IS THE MONEY OF MONARCHS

Kings covet it; the exchanges of nations are effected by it. Its tendency is to accumulate in vast masses in the commercial centers, and to move from kingdom to kingdom in such volumes as to unsettle values and disturb the finances of the world. It is the instrument of gamblers and speculators, and the idol of the miser and thief. Being the object of so much adoration, it becomes haughty and sensitive, and shrinks at the approach of danger, and whenever it is most needed it always disappears. At the slightest alarm it begins to look for refuge. It flies from the nations at war to the nations at peace. War makes it a fugitive. No people in a great emergency ever found a faithful ally in gold. It is the most cowardly and treacherous of all metals. It makes no treaty that it does not break. It has no friend whom it does not sooner or later betray. Armies and navies are not maintained by gold. In time of panic and calamity, shipwreck and disaster, it becomes the chief agent and minister of ruin. No nation ever fought a great war by the aid of gold. On the contrary, in the crisis of greatest peril, it becomes an enemy more potent than the foe in the field; but when the battle is won and peace has been secured reappears and claims the fruits of victory.

Driven to cover by the facts, upon the proposition that silver will expel gold, the advocates of suspension say that we have all the silver we can use, all that will circulate upon a par with gold, and that if we coin more the monetary value of the two metals will part.

Of all the sophistries advanced, this is the most fallacious. Will some gentleman tell me what relative uses they perform as money, after being coined by the Government, that will cause them to separate? After being officially stamped as money and given full legal-tender power, what advantage will one possess over the other? When will a silver dollar pay less than its monetary value—when will a gold dollar pay more? The power of sovereignty wthin the confines of the Government fixes the relative values of the two coins as money, and the values of the materials of which they are made as commodities in the markets can have no influence upon their circulation.

The fiat of the Government gives to one the same qualities as the other, and it is beyond the power of individuals to discriminate except by specific contract. What evidences have these claimants to support their assumptions? We have, in round sums, $600,000,000 of gold and $200,000,000 of silver, or three in

gold to one in silver. France has $900,000,000 in gold and $600,000,000 in silver, or one and a half in gold to one in silver. Germany, upon a monometallic gold basis, has $340,000,000 of gold and $215,000,000 in silver, being a fraction over one and a half in gold to one in silver. The silver coins of France contain but 15.50 parts, while ours contain 15.98 parts to one of gold.

If France and Germany can maintain at par one dollar of silver to one and a half of gold upon the relations of 15½ to 1, why can we not maintain an equal proportion at the relation of 16 to 1? It is false to pretend that there is any power beyond that of the Government that can fix the relations of the two metals as money.

The President and Secretary of the Treasury have strongly recommended the suspension of the coinage of silver dollars. A partisan and supporter of the Administration, possessing unlimited confidence in the integrity and patriotism of the Executive and his Secretary, I have and expect, whenever and wherever I consistently can, to support their views and uphold their policies. I am, however, upon this question compelled to dissent from their views.

Again the advocates of gold approach us with open hands and smiling countenances, but I fear with a dagger concealed beneath their cloaks. "Oh," they say, "we want silver! We are bimetallists, but we want an honest dollar. Suspend coinage and we will drive England, Germany, and other nations to bimetallism, and then the price of silver bullion will appreciate and our dollar will be worth a hundred cents." To the friends of silver I wish to say, "Be not deceived." A suspension of coinage means demonetization. How are we to compel England to adopt bimetallism by throwing into her lap from thirty to fifty millions' worth of silver bullion every year to further depress the market and give to her silver so cheap, so develop her cotton and wheat fields in India, that American farmers will be driven from foreign markets and probably compelled to beg for protection at home.

We should remember that the discrimination made against silver is what has already driven the bullion value of the silver dollar, as compared with gold, down to 80 cents. In 1872 and 1873 Germany, Denmark, Norway, Sweden, and later Holland, demonetized silver. The action of these governments had a double effect—it increased the demand for gold, thereby appreciating its value; it decreased the demand for silver, thereby depreciating its value. At that time the silver in our dollar was above par. The states of the Latin union, at that time possess-

ing an abundance of silver, were compelled, as a matter of self-protection, to close their mints to this unnatural stream. Our country without silver coin, with an immense debt to pay, every dollar of which, by every principle of law and equity, of honesty and justice, was payable in silver coin, was the desert upon which this current should have been turned. Such a policy would probably have averted the great panic of 1873, which swept across the continent like a besom of destruction marking its course by a destruction of values never before witnessed.

The motives which caused the American Congress to demonetize silver at this period are difficult to fathom. It is said, however, that $500,000 was raised in London and placed in the hands of Mr. Ernest Seyd, of that city, who was sent here as the agent of foreign bondholders and capitalists to accomplish the object. Mr. Seyd, we are informed, made many valuable suggestions to the committee framing the revision of 1873 which were adopted. Silver was demonetized without the consent or the least knowledge upon the part of the people. True, Congress succeeded in partially restoring it to its position, so far as the law was concerned, but in so far as its actual use it has never been remonetized. It has been relegated to the position of a subsidiary coinage by every Secretary of the Treasury, and the Government has been kept constantly upon a gold standard and occupies that position to-day.

With all this discrimination against it, silver has held a place in all the governments of the world, performing the functions of a medium of exchange between the great body of the people. It pays the laborer for his wages and purchases the food that feeds and the garments that clothe his family, and does this upon a par with gold. Free coinage will make the silver in a dollar worth a hundred cents. It will do more, it will make wheat and cotton, homes and farms, sweat and muscle worth a hundred cents to the dollar.

We are told that silver will not circulate; that we already have more than the people want; that out of a coinage of $220,000,000 but $50,000,000 are in circulation, while $170,000,000 are in the treasury and cannot be forced out. I am free to confess that silver is not a convenient money and that it will not circulate to any large extent so long as something more convenient can be substituted for it with safety. The people want neither gold nor silver for the great bulk of transactions. They want paper money, and they will never permit the Government to abandon this policy. It is not because they have an antipathy to silver, not because they believe it cheap money, that it does

not circulate, but because its representative, the silver certificate, is just as good and more convenient.

The Treasurer tells us that the use of certificates tends to make the silver dollar more unpopular. Why not say that the silver certificate is more popular than the coin, which is the fact? The demand for these certificates in 1880 and 1881 was so great that $66,000,000 were taken and paid for in gold coin, and this demand continued until the Secretary of the Treasury issued an order stopping the exchange. The same argument can with equal force be made against gold.

Silver certificates will circulate upon a par with gold, and by the use of certificates, under free coinage, there need never be an idle dollar in the treasury. If we are not to provide a currency in this manner, how are we to provide it? Our national-bank circulation is based upon the national debt, and with its rapid payment is fast disappearing. Our greenbacks are but a part of the debt and must be paid. How, then, are we going to fill this vacuum? There is no better, if any other, way than to issue certificates based upon coin in the treasury. Under such a system every dollar of paper money would be the representative of a dollar in coin, and nothing better can be conceived.

It is frightful to contemplate what the abject condition of the people might be

SHOULD SILVER MONEY BE STRICKEN DOWN

The world to-day contains but $3,513,000,000 of gold, a sum insufficient of itself to answer our own demands twenty-five years hence. Strike down $3,750,000,000 of silver and a contraction of values will follow that will swallow up in the vortex of bankruptcy and ruin every individual who owes a considerable debt.

Suspend the coinage of silver, contract your national debt bank currency at the rate of $15,000,000 a year, and let the banks of New York lock up the gold, and then picture to yourselves the condition of our Western people, where almost every home and farm is under mortgage to Eastern capital.

The people of the West are in debt; their farms, their homes, and in many instances their beds, are mortgaged. They have been paying exorbitant rates of interest to the East until they are impoverished. The prices of their products have fallen, their lands shrunk in value, until they begin to stagger beneath the weight of their burdens. They are energetic, laborious, and patriotic. During the days when the nation's body was bleeding from a hundred wounds and its life trembling in

the balance they poured out their richest blood and treasure that it might be saved. They faced the death-dealing grape and canister upon a hundred fields that this Government might be preserved as one great indissoluble nation, and they now ask that in the majesty of its strength and power its great strong arm shall not be raised to at one blow strike them down to want and beggary. [Great applause.]

Mr. Bland spoke on April 7.

The policy of holding silver in the treasury so as to maintain the gold standard was adopted and enforced by Mr. Sherman, the first Secretary of the Treasury after the passage of the silver coinage act, and his policy has been persisted in by all his successors up to the present hour. In this we see the baneful influence of a bad example. What good the present limited coinage of silver was intended to have has been hampered by the failure of treasury officials to give it a friendly execution.

Mr. Sherman, then Secretary of the Treasury, just before the time fixed in January, 1879, for the resumption of specie payments, when we had coined about twenty millions of silver dollars, entered into an arrangement with the New York Clearing House Association for the purpose of making a combination of the Treasury Department and the national banks of New York, composing the clearing house association, by which silver should be repudiated and demonetized as far as it was in the power of the Treasury Department and these banks to do it, and especially to demonetize it in so far as the payment of the public debt was concerned. The basis of this agreement is found in a letter of Mr. W. A. Camp, manager of the New York Clearing House, to John Sherman, Secretary of the Treasury, dated November 12, 1878.

This letter specifically prohibits the payment of silver dollars or silver certificates from the Government in the settlement of clearing house balances, all payments being confined to gold or legal-tender notes convertible into gold; and convertible into gold because of the ruling of Mr. Secretary Sherman giving creditors the choice of demanding and receiving gold in the redemption of greenbacks or other debts held by them against the Government after January, 1879.

Under this arrangement silver was virtually repudiated by the Government and by the national banks. From that day to this the policy inaugurated by Mr. Sherman has been adhered to by the Treasury Department; and that, too, notwithstanding

the law of 1882, prohibiting national banks from thus refusing silver. Every law passed by Congress and looking to the circulation of silver has thus been repudiated by this combination of the national banks, Government creditors, and the Treasury Department. The question is, ought not the law be so changed as to permit free coinage? It would be coined for all persons like gold, and would never reach the Federal treasury except by way of taxation.

In so far as you restrict this coinage you restrict the right of the debtor class to pay their debts in the legal-tender metal; and this restriction is adopted for the purpose of continuing the gold standard and preventing the minting of silver except in limited qualities, in order to make money more valuable, to depreciate all property and all prices, and to compel debts to be paid by the gold standard instead of the standard regulated by gold and silver freely coined at your mints.

SEIGNIORAGE

Now I want to discuss further this seigniorage question, and discuss it upon principle; for, as I understand it, it is one of the most important questions we have to discuss here.

Our gold and monometallic friends, and some of our silver friends also, think if we coin silver free we simply pay to the bullion holders the difference between 80 cents and $1. That is to say, bullion to-day in the markets of the world, measured by gold, is worth but 80 cents, and therefore, if you open the mints of the Government for all the bullion to go there to be coined into silver dollars and legal-tenders, you to that extent give the bullion holder 20 cents on each dollar more than he is entitled to to-day. Is that so? For if it be true, Mr. Speaker, then all that has been contended for under the principle of free coinage is admitted. You acknowledge that for which we have contended, that free coinage will have the effect to give silver the same value as gold, and that under it every coined piece of silver will be at par with gold at the ratio of 16 to 1. It is worth it to-day. Every silver dollar that has been coined at our mints is worth a gold dollar. Who can say that all we may coin will not be worth a gold dollar?

And when gentlemen tell us this law will restore silver to the same value as gold, but that in doing so we give the seigniorage or profit to the bullion holders, they simply admit all that has been contended for, and that is the silver dollar and the gold dollar will be at par everywhere. Does any gentleman object to that?

The only serious argument made against the coinage of silver is that it will not restore this parity of value—that it will not give that value to it—that it is not possible for the coinage laws of any country to give additional value to a metal. If that is true, then the argument about seigniorage is a myth and a humbug.

But we are told it is true that for a short time this loose bullion will be gathered up and brought here and dumped down upon us, and they will get a dollar for it in gold or its equivalent, and after they have coined up the surplus—how much they do not know—then silver will begin to sink and go down to bullion value again. How convenient this question is for our gold monometallists! Drive them from one point, turn their own batteries against them, and then they go off into the realms of prophecy. [Laughter.] They rise up here and tell us that if we do this or that certain things will occur. Now, Mr. Speaker, if the old Jewish law were in effect here to place false prophets beyond the outer walls and there stone them to death—if that law were in force in this country to-day we would have many less of these gold prophets among us. [Laughter.]

If this predicted fall of silver be true, it means that gold also would fall, because, silver being tied to gold by free coinage, both must fall together. That is, labor and the products of labor and all species of property would rise, being measured not by gold only but by a volume of money swelled by unlimited mintage of silver.

But on this question of seigniorage again—and I hope I will be pardoned, for I will have to be somewhat disconnected—how much interest do you want the Government to make, and at whose expense must it be made? We are making, it is said, 20 cents on the silver dollar to-day in the way of seigniorage. How can you make more? Simply by limiting coinage, and further depressing silver. I suppose the only way to make more is to coin less. Let us only coin $1,000,000 a month of silver and perhaps we will make 30 cents on the dollar; and, if that is not enough, let us go down and coin only $500,000 a month. Then we could make 50 cents of seigniorage on the dollar. If that is not enough, and it does not seem to be with some, then coin only $1,000 a month, and you can make still more seigniorage in the dollar as coinage.

The law permits us on the other hand to coin $4,000,000 a month. If that law is executed up to the maximum of $4,000,000, the seigniorage will be less in the dollar, but the bullion holder will be making money out of the Government again.

So, Mr. Speaker, when you come to the question of seigniorage you come into the vital question of gold and silver coinage. None but the tyrants of the old world, the kings, and those who desire to make money out of the people, ever charge seigniorage, except that which is necessary to pay the cost of coinage.

I will further explain this point.

An argument of the opponents of free coinage is that silver bullion at the ratio of 16 to 1, on 412½ grains of silver to 25.8 of gold, gives to the owner of silver bullion, or the silver miner, 20 cents on the dollar on his bullion.

This, at first blush, looks plausible, but it is not true, unless, as before stated, the coined dollar, by virtue of its coinage and legal-tender power, has this greater value; and, if it does, then all the silver bullion, having free access to our mints, is at once restored to a parity with gold bullion at our ratio, for no one would take less for his bullion than the price fixed at the mint—that is, every piece of silver bullion containing 412½ grains of standard silver is at once worth one dollar, less the expense of coinage. It is worth one dollar because the holder can take it to the mint and have it coined into a dollar.

Then there will be no more buying and selling of silver bullion in the market; unless, at this ratio, it should go to a premium over gold, for it will have a fixed value at the mint. This now being the law as to gold bullion, we would then have silver and gold bullion at par. The owner of silver would then have the same advantage as the owner of gold—no more, no less. Free access to the mint, it must be admitted, is greatly to the advantage of the holder of either of the precious metals, but it is an advantage he must necessarily have as long as we make metal money the standard of values; and so long as we maintain such a standard it is necessary to coin free in order to have a sufficient supply of money.

Seigniorage, or a gain to the Government in coinage, is a tax on the money of the people.

The idea of gain to the Government in coinage grows out of the old idea that the king should have his profits out of the coinage permitted at his mints. The consequence of this prerogative was that the greater the king's tax, or seigniorage charge, the less amount of money there was coined; because the tax or charge tended to drive the holder of the metals from the king's mint to some other mint where the tax was lighter. Discovering this, that the mint seigniorage was driving the metals out of his realm and rendering his subjects destitute of money, his mints were finally opened to the free coinage of the metals

for all comers thereto. Our Government has the most odious form of tax on silver. It limits its coinage, thus depreciating its value 20 cents on the dollar in order to buy it at that rate in the market. In order to accomplish this we coin only $2,000,000 worth per month, while we produce four million per month. Now, all our silver thus inhibited from coming to our mints is driven to the mints of other nations, or taxed out of circulation. In this way $24,000,000 of our own production is annually lost to our money circulation that ought to be coined at our mints. Who is benefited by this operation? It is the owners of gold, for the more silver we thus drive away the more is the gold worth which remains, by reason of the scarcity thus created in our circulating medium. By this operation the bondholders, the mortgage owners, and all classes of creditors are largely benefited, because it makes gold, the money in which his securities must be paid, more valuable.

If there were only $2,000 in all this country, and by some means one-half of it should be lost, the remaining half would become at once worth just as much as the whole formerly was to the creditor, while it would at the same time impose on one who happened to be a debtor exactly double the burden to pay his debt that he would have been under without the loss. It is quite plain, therefore, why the bondholding and creditor class are willing to outlaw silver at our mints. Seigniorage then is a tax not on the silver miner merely; it is a tax on the vast body of our people who need this money to pay their debts with. It is a tax on labor and the product of labor. It is a tax on the laborer because he cannot get work unless there is money to employ him. It is a tax on wheat, corn, cotton, meats, and manufactured products, because these products get no market unless laborers get money to buy them. For this reason bread and clothing are cheap because there is no demand for them, and no demand because there is no money to buy with.

There are a million of men out of employment in this country because there is not sufficient money among the people to employ them. The report of the Bureau of Labor Statistics, just published, shows this large number of men to be idle, and that in the last year we lost $300,000,000 by this lack of employment. These men have nothing to buy with; hence they must suffer almost to starvation while bread is cheap. Thus we have the awful spectacle of millions starving and naked in the midst of plenty. Gentlemen call this overproduction. I call it underconsumption, caused by a lack of money to effect exchanges. This want of money is caused by the tax or limitation

put on the coinage of silver in order that the gold kings may have their seigniorage of 20 cents in the way of dear money, brought about by driving silver out of the country, and to other countries, India, for instance, where it is utilized in stimulating the production of wheat and cotton there to compete with our own productions of these staples. Of all the rascally wrongs perpetrated on our people this seigniorage business, or limited coinage, is the most insidious because of its apparent plausibility.

If the silver miners, or bonanza kings as they are termed by the wily gold advocates, were the only sufferers it would matter but little. If they were not satisfied with their status they could hunt some other calling. But if we are to rely on the metals for money we ought to have all the metal that can find its way to our mints.

Hence it has always been considered a blessing to have both silver and gold miners to delve into the earth for us in quest of the precious metals for our money.

It is the invention of latter-day legislation to enact statutes to drive from us the metals out of which we coin money, either by seigniorage, tax, or limitations on their coinage. Down with the fraud!

We should have no such prerogatives of seigniorage here for the special benefit of the gold kings. Let the king's prerogative go. The monopoly of gold must go. Gold is not king nor is silver, but in this free country the people must exercise all kingly prerogatives.

THE DUMP FROM EUROPE

The enemies of free coinage of silver allege that its effects would be to cause all the silver of other countries to be dumped down upon us. The same persons also claim that free coinage would not increase the value of silver.

These positions are wholly inconsistent.

If the free coinage of silver will not raise its bullion value then all the silver that would be sent here would be sold at a great loss.

The bullion value here is but 80 cents to the dollar at our ratio, and would be about 77 cents at the ratio; hence France would lose about 23 cents on the dollar by sending her silver here to exchange for our gold. Does any sane person believe that such an exchange would ever be made? And that, too, in the face of the fact that none of these countries, unless it be France, now have a large enough circulation to meet the wants of their people? Not a single dollar would be thus exchanged.

Should free coinage restore silver and gold bullion to a parity at our ratio of 16 to 1 they would still lose 3 per cent. by the exchange, or about $57,000,000. These facts would effectually bar such an exchange and inundation of silver we hear so much about.

Gold will buy more silver here than in any other country, and silver will buy more gold in any other country than here, unless it be in Mexico, where silver is a little cheaper than here.

Why then talk of losing our gold for cheap silver? There is no such thing as cheap-coined silver. As compared to the price of labor and all commodities silver is worth more than it was twenty-five years ago. Gold has risen everywhere.

This silver question ought to be settled. It is disturbing the business interests of the country. Men who are capitalists, that have money to loan, claim that should we suspend coinage they would then know that the money they might loan would come back to them in kind as to value; that the coinage of silver will bring us to the silver standard, and then the money they might loan now would be paid back to them in a depreciated currency. For this reason they claim they can do better by holding on to their money. This causes money to be hoarded, and depresses business. They say if we suspend coinage they will put their money out. All this seems plausible. But, if a revival at all, such a revival would be spasmodic, and of short duration. It would be such activity as a galvanic battery would impart to a corpse—a spasmodic flutter, without living, circulating blood to sustain it.

Being thus brought to the single gold standard, with the output of the gold mines constantly decreasing, an annual supply of only ninety millions and seventy-five millions of that going annually in the arts, manufactures, and ornamentation, as statistics show, where would the giant America get the circulating life-blood in the way of money to keep alive? It is preposterous nonsense. A grain of gold would be worth its weight in diamonds. England, France, Germany, and all the gold countries are deprecating gold scarcity and the consequent depression of trade and hard times. If the overdeveloped and densely populated countries of the Old World find the gold standard too narrow how can we in this new country, just entering upon a new era of industrial development, increasing population and enterprises, limit business to the gold standard? It cannot and will not be done. The money proposed for us by the gold advocates, to consist of gold and bank notes only,

will not be accepted. A revival of business will come with free coinage of silver—not otherwise.

My friends who say they are in favor of silver, but are against unlimited coinage, remind me a good deal of the adage we heard during the war in regard to certain gentlemen who were in favor of the war, but opposed to its prosecution. If one piece of silver bullion is fit for coinage, the whole of it is. And if it is not all fit for coinage none of it should be coined, not a dime. There is no compromise or halfway house in this matter; and when gentlemen oppose free coinage they should consider how near they are approaching the gold camp.

That was the mistake made in 1878 in the Senate, according to my view of it. Had they passed the free-coinage bill then, and could that bill have become a law, all this difficulty about silver, and all this distress and unsettlement of business, never would have occurred. Whatever you may say against silver coinage, I have heard no gentlemen yet offer a substitute for it. Nothing except to stop its coinage and get to a single gold standard.

Now what would be the consequence of a single gold standard? We have six hundred millions of gold to-day. Will any gentleman assert that that is sufficient metallic money for our sixty millions of people? If not, where are you going to get the rest, when to-day you find that Germany and Great Britain, and even France, the whole of Europe, are ready to go to war before they will give up a grain of gold. They can afford to see the streets of their large cities run with the blood of their laborers; they can afford to see their populace starving; they can afford to go to war, but they cannot afford to give up one grain of gold without bringing on probably internal or civil war among themselves.

And where are you to-day in this country on the gold standard? You are not much better off. We are in the same condition—probably not so bad—but we have difficulties at home. We have been trying the gold standard. It has proved a failure here and everywhere up to this very hour, and is confessed to be a failure by the very gentlemen who were most active in bringing it about.

I believe the most of our gold advocates have turned to be bimetallists. They are in favor of bimetallism with a condition which has heretofore proven to be an utterly impossible condition, and that is the condition that Great Britain, and Germany, and France agree with us to coin silver at an international ratio. That was the delusion that prevented the settle-

ment of this question in 1878, when, as I have stated, the House passed a bill giving free coinage to silver. It went to the Senate. The idea the Senate had was to limit the coinage until we got an agreement with foreign countries, and it provided in the bill for an international conference. We sent our commissioners to Paris. They held that conference, and what was the result? Why, the delegations from other countries simply told our commissioners if they believed in silver it was good for money; they said, "Go home and coin it." That in substance Mr. Dana Horton and Mr. Walker were among the gentlemen representing us. They did not like the treatment they received, and in connection with Mr. Cernuschi, and other bimetallists of Europe, they conceived an idea that if this country would stop the coining of silver we could flood England with cheap silver bullion, and in that way bulldoze her into submitting to an international agreement. And that was the outcome of the monetary conferences at Paris in 1878 and 1881.

Now, I want to remark in passing, these bimetallists are international bimetallists. Their whole theory is based on the idea of having metallic money that will be good money at par everywhere; that a piece of silver will be the same in our coinage as in France and throughout Europe so that you can travel wherever you please without having to submit to brokerage. But this is almost impossible without disarranging the monetary affairs of various nations. As I have stated, the double standard and gold standard interfere; and on the other hand these gentlemen did not take cognizance of the fact that a national trade, ours for instance, amounting to $10,000,000,000, requires a consumption of money at home of vastly more importance to our people than international trade.

But, Mr. Speaker, this idea has been a failure. This idea of international coinage, this idea of an agreement between the nations of the world in a standard of coinage, has never occurred from the very dawn of history until now, except among the Latin states and Scandinavia. But is there any reason to suppose that by suspending the coinage of silver here and sending the bullion to Great Britain and to other European countries that that is going to terrify them so much? What is the difficulty to-day, especially with our Southern producers of cotton and our farmers in finding a market for our Western wheat?

We find that European countries, by purchasing bullion silver and sending it to India, are stimulating the industries of India to such an extent that its wheat and cotton are coming in competition with ours. I will not go into statistics—I have not

the time—to show the vast increase in the production in India, during the past few years, of wheat, which is taking the place of our Western wheat and can come here and compete with us at home. The very fact that we have demonetized silver and cheapened it and sent it abroad has stimulated India in the production of these commodities. I cannot go into an explanation of this point here, but I will print in my remarks some extracts going to show how the result is produced. Silver being demonetized in England and cheap when converted into bullion, it is not a paying business for India to settle her balances in England in silver, but it does pay her to sell her wheat and settle her balances in that way.

Now, Mr. Speaker, we have the advice of Mr. Cernuschi in last Sunday's *Herald* as to the best way out of our difficulty. I cannot state his proposition precisely, but in substance it is this: If a free coinage bill should fail to pass, or, having passed, should be vetoed, he proposes that we purchase silver, so much every month, and send it to England; that we purchase say $600,000 worth of silver bullion one month and ship it to London, double the amount the next month, and so on until, within the year, we shall have dumped down upon the London market about $22,000,000 worth of silver bullion, selling it at a lower rate every month, and in that way make a panic in the silver market and disturb the exchange between Great Britain and India, so that Great Britain will succumb and enter into a pact with France and the United States for the purpose of restoring silver.

Now, if it be true that Great Britain and France and those European countries are getting cheaper wheat and cotton from India with this cheap silver, certainly that would disarrange nothing. But is that statesmanship; is that sensible? If it is statesmanship, if it is sensible, and if Mr. Cernuschi is so anxious to have a par with Great Britain, France, and Germany—and certainly there is some reason why those countries should have the same money—let France and Mr. Cernuschi go into the market and buy the silver and ship it to England and run the risk. That they do not do it shows the fallacy of the argument. He says that France has got six hundred millions of silver that she wants to get rid of. If that is so, why not dump that silver down on the London market and strike terror into the Englishmen and compel them to submit to French dictation? Suppose this scheme should fail; suppose that (as we are invited to do by the gold advocates) we suspend silver coinage, for the purpose of shipping this silver bullion and disturbing

the English exchange and flooding Europe with cheap silver in order to bring them to better terms—suppose that policy fails and we find, after we have demonetized silver and suspended its coinage and adopted this plan, that it does not have the desired effect, in what condition are we left?

As to Mr. Cernuschi and the bimetallic school, no matter which way it goes they have won. They do not believe in bimetallism unless it can be international bimetallism, in order to carry into effect their particular views upon the monetary question. They are quite willing that the United States shall step into the breach and suffer all the loss and all the consequences, if their predictions and theories prove to be fallacious. Mr. Cernuschi is certainly a gentleman of education and ability; there is no doubt of his being well versed in financial questions, but, like other gentlemen, and probably myself among them, he may be a little inconsistent at times, and certainly he has changed his views within the past few years. Before the silver commission of the United States in 1876 he said that, had France continued the free coinage of silver, there would have been no silver question to-day, because for seventy years—so long as silver was coined free—gold and silver were at a parity at the French ratio of 15½ to 1.

Now, if it be true that France by continuing the free coinage of silver could have maintained the parity between the two metals, what may we expect by free coinage in the United States? Why, Mr. Speaker, we have a bimetallic union of our own. Under a bimetallic constitution we have a bimetallic union consisting of thirty-eight States in addition to the Territories. This bimetallic union includes a population of 60,000,000, and an area of over 3,000,000 square miles, embracing 2,000,000,000 acres of land. Here is a bimetallic union compared with which the Latin union is a mere bagatelle so far as the resources of the future are concerned. Having a population of 60,000,000, increasing at the rate of 1,000,000 annually, spread over this vast area, before we could coin the quantity of silver that France has to-day we would have a population probably as large as or larger than that of the Latin union, whose territory compared with ours is insignificant.

Suppose silver is 20 cents lower than gold and will so continue after we provide for free coinage, what then? All statisticians admit that so far as the value of silver is measured by commodities there has been no fall of silver whatever.

Then the question comes up, shall we in adjusting this ratio put more silver in a dollar or less gold in a dollar in order to do

justice to debtor and creditor and to the business interests of the country? That is a debatable question. But the gold advocates and the suspensionists make no proposition on that subject, but simply say, "Because silver has depreciated therefore we will coin none of it; we will have nothing to do with it." Why, sir, in all our history, whenever there has appeared any disparity in the market value of the two metals it has been remedied by readjusting the ratio. No one has ever before contended for demonetizing a metal because it happened to fall in the market. Yet that is the proposition made to us to-day. If gentlemen propose to increase the bullion value of the silver dollar I say that is a debatable question; but they show there is no sincerity in proclaiming that they want bimetallism when they ask us to totally demonetize silver and suspend its coinage, simply because there is a depreciation in its value.

Mr. Speaker, in our past history silver was never before demonetized. At one time the silver dollar was worth 3 cents more than gold; but the mints remained open, so that when the ratio might change silver would come back to our mints. Albert Gallatin, in his report to Mr. Ingham, Secretary of the Treasury in 1830, upon the state of the coinage, makes this significant statement in reference to bimetallism:

> The whole amount of the inconvenience arising from the simultaneous use of the two metals consists in this: Their relative value being fixed by law, if this changes at market, the debtor will pay with the cheapest of the two metals; and, therefore, at a rate less than the standard agreed on at the time of making the contract, if the change in the market price is due to a fall in that of the metal with which he pays his debt; and it is obvious, in the first place, that if the change is due to the rise in value of one of the two metals, and that had been the legal-tender, the choice given to the debtor to pay with either enables him to do it according to the standard first agreed on.
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> But the true answer is that the fluctuations in the relative value of the gold and silver coins arising from the demand exceeding or falling short of the supply of either are less in amount than the fluctuations, either in the value of the precious metals as compared with that of all other commodities or in the relative value of bullion to coin, and even then the differences between coins, particularly gold coins, issued from the same mint; and, therefore, that those fluctuations in the relative value of the two species of coin are a quantity which may be neglected, and is, in fact, never taken into consideration at the time of making the contract.

By this I understand that where you are using and coining both metals debtors have the right to pay in the cheaper, and that the equity of the contract is not disturbed by this unless the cheaper metal has fallen in value as compared with commodities; if it has not, then the equity of the contract is pre-

served. On this point Mr. Weston, in his work on the silver question, says, "Upon this Mr. Gallatin observes that it will not be true that the debtor pays less than was agreed, unless the change in the market price is due to a fall in that of the metals in which he pays his debts," and he adds that, "if the change is due to the rise" of the other metal, he pays all that was agreed.

And when gold advocates ask us to demonetize silver in order to crush out the silver as money of this country and to build up gold monometallists, they are asking what the American people will never assent to, and gentlemen had as well make up their minds to it. [Applause.]

I know that in 1878 by limiting the coinage of silver providing for this international conference they expected finally to get their hands on the law to stop its coinage, and that is their only hope to-day. But I say that hope will be in vain; and they need not depend on it. I tell you the silver advocate who is an opponent to free coinage, as I said before, must get out of that position and take sides either for silver or against it. These half-hearted supporters will not satisfy their constituents on that subject.

I wish to say in conclusion, Mr. Speaker, that if I had not believed in free coinage I would not believe in any coinage. No man can support himself in this House or before his people upon the present law. I never advocated it; I took it simply as a compromise, as better than no law at all. I advocate it or hold to it to-day and stand to it because I believe in free coinage; because I believe silver ought to be coined, and coined free. If I did not believe it ought to be coined free I would not advocate the coinage of one cent of it. It is illogical policy. The idea of making money of silver or gold and limiting its coinage is an anomaly in the history of money. To limit the coinage of silver is an outrage upon the constitutional rights of the people. [Applause on both sides of the House.]

To sum up—the demonetization of silver is the outcome of the convention held at Paris by so-called experts and doctrinaires. The theories of these learned gentlemen, whose financial opinions the world is asked to view with awe, having been put in practice, have depressed prices, demoralized trade, and turned millions of law-abiding laborers into strikers and mobs. They have compelled the payment of all sorts of debts in the dearest money of the world—money made dear by the elimination of one-half the money metal of the world from its legitimate use as a debt-paying and labor-employing medium—the

effect of which upon the American farmer and producer has been to drive his breadstuff and cotton out of European markets. Our gold policy is driving the products of our silver mines to India, there to be used as money to employ Hindoos to raise wheat, corn, and cotton in direct competition with the farmers of America.

Why not give free coinage to silver here so as to permit our people to employ laborers to stimulate our own productions? Are they of so little importance as to deserve this fate? Will the day never come when others will be made to share with the agriculturists and laborers of our land the burdens of hard times?

Thomas M. Norwood [Ga.] wittily characterized the arguments of a number of speakers, which will thus be indirectly presented here.

The gentleman from Maryland [John V. L. Findlay] prescribes gold as a sovereign remedy—in fact, a panacea. He stakes his professional reputation on the infallibility of his therapeutic formula—that "what is good for the goose is good for the gander"; what is satisfactory to the lender must be equally satisfactory to the borrower; what will support the wealthy must be equally nourishing for the poor; that a homeopathic dose for a poor man is as curative as an allopathic quantity for the rich, even though the latter's soothing draught may be an infusion as rare as that of Egypt's luxurious and lascivious queen when she drank the costly pearl. The immortal Doctor Sangrado[1] from all materia medica evolved two remedies that he maintained against the world were a certain cure for every mortal disease, and they were "bleeding and hot water." But the gentleman from Maryland, who succeeded in the presence of this House in demonstrating that iron was evolved from dirt and brass from iron, silver from brass, gold from silver, and, finally, greenbacks and bank notes from gold, has taken a step in advance of Doctor Sangrado in that method of evolution which proceeds from the complex to the simple—from the heterogeneous to the homogeneous—by eliminating the hot water and maintaining that all our maladies can be cured by simply bleeding the people.

When a patient, by dissipation and excessive drafts on his vitality, has lapsed to the stage of physical decay that saps his blood, his physician sends him to a slaughter house to drink the

[1] A character in "Gil Blas," by Alain René Lesage.

warm blood of the fresh-slain bullock; and our financial doctors, when the Goddess of Commerce, standing on deck deserted and desolate, with cheeks wan and pale and eyes that have lost their luster, gazes on sea and air that are dead, without a tender breeze to fan her brow or move her vesture, assure her of the vitalizing power of deep potations of the toiling people's blood.

The gentleman from Iowa [Gen. James B. Weaver] is equally clear that there is healing in the application of fiat shinplasters. The gentleman from Ohio [A. J. Warner] has discovered a potent sedative, surpassing Clingman's tobacco cure, in a poultice of silver certificates. The chairman of the Committee on Coinage [Mr. Bland] predicts the return of bloom to the pallid cheeks and of brightness like the gazelle's to all eyes by an airing behind a double team of yellow and gray, harnessed abreast, so that if one should back the other will pull us through—if one should dash away for Europe, the other will fall back on the breeching, and hold the first in check and prevent a smash-up.

The gentleman from Pennsylvania [William L. Scott], while approving the team of the Bland doctrinaire, advises a tandem, with a yellow Percheron in the lead and in the rear a puny piebald pony mule, with Yum Yum's ambling gait, with one fore leg sound, but which every veterinary doctor in the treasury certifies cannot travel, and the other so wasted from swinney that all admit it cannot travel, and with subsidiary hind legs, one of which is shriveled from inanition and the other so shrunken and dry that even a starving disease would not waste time in an attack upon it—the relative indicated horse power in those four supports being respectively represented, in the order named, by the figures 412½, 420, 347, and nothing. The rich man takes the fine horse and the poor man rides the mule, and, mounted thus, they move cheerily on, presenting a spectacle of unmixed felicity in front and of infelicitous mixture in the rear.

Had I time, there are other shades of opinion I would like to notice, but the five gentlemen I have named represent the principal or main positions occupied in this contest. It has two angles more than were in Midshipman Easy's triangular duel; but there are really only three parties to the engagement, one is for an advance, one for a retreat, and the third for standing still and fighting it out on the present line. The first would advance by establishing free or unlimited coinage; the second would retreat by repealing the law requiring silver coinage, and the third says

—do nothing; let well enough alone. I am a humble disciple in the third class.

To advance is to experiment—to test a theory. It is to abandon a certainty for an uncertainty. It is to speculate, it may be "to fly to ills we know not of." What the result might be rests now in argument, and about it wise men differ. The laws of finance are as subtle as the laws of life. We see their manifestations, but we know not their hidden movements. "The wind bloweth where it listeth, and thou hearest the sound thereof, but canst not tell whence it cometh and whither it goeth." This I say with commensurate respect for the Signal Service Bureau, and with the apologetic acknowledgment that the language quoted was uttered some time before the bureau was established. In the physical as in the financial world a depression suddenly comes, whence and why no man can tell, and then follows fast and furious the cyclone or tornado, and men, helpless and dumb, go down before the pitiless storm. Where is the prophet who foretold the tempest that swept this country in September, 1873? It came as noiseless as the angel of death to the households in Egypt, and scarcely a roof in the land escaped its devastation. As a proud ship secretly scuttled at night suddenly goes down, a tall monarch of the forest in a dead calm falls without apparent cause, so the house of Jay Cooke & Co. in a night disappeared, and soon the whirlwind spread ruin in a swath as long and wide as the Union.

Whether free coinage of silver would raise the coin to a par with gold; whether it would create a depression that would force foreign silver in to fill it; whether it would brew rebellion in India and compel Great Britain to agree to an international standard; or whether it would create a panic and oppress the poor, no man can know, and therefore I hold it to be the part of wisdom at present not to try the experiment.

For the same reasons, in part, I oppose the suspension of silver coinage. There is nothing in our experience in the past eight years to convince us of the necessity for suspension. There is nothing to show it would be wise to go backward. The Bland law has done no demonstrable hurt to the country. Volumes have been written by financial essayists and economists and spoken by Congressmen against that law, but who among them has shown that the condition of the country is worse to-day than in 1878, when that act was passed? The *experimentum crucis* is better than all theories. Those who are now crying for the leeks and flesh pots of Egypt were the ones who protested against setting out from the dark region under the leadership of the

Missouri Moses, and who with wails prophesied that Pharaoh would overtake us, and that our last end would be worse than the first. They were the purse-proud and the pampered few, and not the many who had to make bricks without straw and hew the wood and draw the water, and they played the rôle of prophets, and with affidavit faces foretold that gold would leave the country like an exile, never to return. They are of the Wiggins[1] family of prophets. If their prophecy hits right, they are prophets; if it misses, they continue to prophesy.

But "tell it not in Gath, publish it not in the streets of Askelon"—gold, then $228,000,000, has increased to more than $600,000,000. True, they say, but it just happened so. The balance of trade happened to be in our favor. But why did it happen so? We have not had a period of signal prosperity for the past eight years. The burden of complaint by the advocates of gold monometallism is that the silver coinage has depressed prices, stagnated business, disemployed labor, kept the people poor, and diminished their ability to purchase. This is a "*petitio principii*," a begging of the question. Does the existence of the facts stated prove the truth of the alleged cause? If so, why was not the country prosperous and everybody happy between 1873 and 1878, a period of five years, when gold was monarch and had no brother near the throne threatening its supremacy? Why is it that business is improving; that furnaces closed last year are in blast this year; that looms idle then are busy now; that stocks and bonds are higher this year than last, and higher last year than in 1884 or 1883; that there are fewer failures and for less amounts than two or three years ago; that confidence in business circles is stronger, while the mints, *horribile dictu*,[2] are monthly stocking the country with two million cart wheels that the Government, with all its reserve, not to say its suppressed power, cannot make revolve.

And this suggests another objection to silver money, which is, that the people do not want it; that as fast as it is paid out it returns to the treasury. This is the resort of a winged and crippled logic. What else should it do but return to the treasury, as the law makes it payable for debts due the Government—for duties, customs, and internal revenue? The gold advocates speak of silver returning to the treasury as if the people give it away, disown it with contempt. No, sir; the fault is in the Government, not the people. Gold is paid to the bondholders and the silver held in the vault. Silver is dishonored and depreciated

[1] Wiggins was a Canadian weather prophet.
[2] "Terrible to tell."

by its own mother. It is not without honor save in the banks and treasury.

I listened with close attention and deep interest to the gentleman from Maryland [Mr. Findlay] when he opened the debate as the advocate of gold, and with admiration divided between the ingenuity of his logic and his rhetorical decorations. His was no masked battery. He unlimbered in the open field, with the black flag waving over his magazine, and proclaimed he would give no quarter to the enemy—silver. He assaulted the silver dollar on the ground that it is too bulky for circulation; and yet in the next breath he admitted that neither gold nor silver is largely used as a medium of exchange, and that "the world's commerce has come to be carried on in great part by a secondary or representative currency." That is to say, the statue, which the gentleman saw in his rhetorical vision, with feet of clay, legs of iron, body of brass, arms of silver, and head of gold, in the progress of modern financial evolution, is now crowned with a variegated chaplet of greenbacks and silver certificates. How consoling this must be to the gentleman from Iowa [General Weaver]. What a curious piece of ingenuity this logic is. In trying to prove that silver is too bulky for currency he admits that gold is not used as currency and is chiefly valuable as a base on which paper or representative currency rests. While trying to advance in a charge on the position of silver the gentleman has backed away from his own position. His logic is like a piece of mechanism invented by a genius who called it "the compound duplex back-action hen elevator," the object of which was to prevent predatory chickens from invading his dwelling, and which, when adjusted to the locomotive power of a hen, would, by its back action and elevation, convert her attempted forward motion into a backward step. Instead of advancing in the house, the hen found herself moving from her first position to the rear.

But the gentleman from Maryland is skilled in polemic warfare, and I take the liberty of warning him that the back-action logic he has used in his attempted advance on silver will end in his backing into the camp of General Weaver, who may or may not "welcome him with bloody hands to a hospitable grave." His disappointment on seeing his idol of gold give way to greenbacks will be as great as that of Apollo, who, madly enamored of Daphne, gave chase to her, and at the exquisite moment of his expected triumph he witnessed her transformation into the laurel.

But the gentleman from Maryland and others reiterate the

charge of Lombard street (London) that our silver dollar is dishonest, is a licensed swindler, a land pirate, bearing letters of marque and reprisal granted by the United States to roam over the country and pick the pockets of the poor (for the rich, he says, it cannot reach to despoil), and when gorged with spoils and weary of pillage it returns to its place of departure like a discharged criminal returning to his prison. Why is it a dishonest dollar? Mr. Chairman, I have heard this charge repeated with "damnable iteration," and yet I have not heard one reason given to sustain it except the one I shall heerafter speak of. Is it not of standard weight and fineness? Is it not one-half ounce more in the pound than our silver dollar was for eighty years? Is it not about in the ratio of silver to gold the world over—15½ to 1? Will it not purchase at home as much as a gold dollar will? Is it not coined by the United States, bearing the stamp and declaration of sixty million people that it is a dollar and worth a dollar in gold? Is it not receivable by our Government in payment of all dues to it? Is it not a legal tender for all debts, public and private? Can any more be said of gold? Then why dishonest? Why is this insult to the honor of every American citizen which is given abroad repeated at home?

Sir, it is only because Great Britain values it as bullion, and will not pay any more for it. This is the head and front of its offending, no more. And for this alone contempt is cast upon it by calling it the "buzzard" dollar. The gentleman spoke of this age of evolution. It is one, indeed. The superior learning of the children in ornithology has discovered that the eagle of our fathers is the buzzard of their children. The father was educated at home, in America; the son is educated abroad, in Europe and by Europe. The father believed it his duty to coin money for the benefit of his own country; the son thinks it his duty to coin silver for the benefit of Great Britain and Germany. The father believed in a strict construction of the Federal Constitution; the son calls the old man "an old fogy," and goes for the greatest latitude. The father was a plain gentleman, dressed neatly, believed in good government, called stealing "theft" and punished it, and worked for his living; the son dresses as richly as a gambler, believes in good government for everybody except himself, calls stealing "unfortunate speculation," using trust funds "crookedness in his accounts," and lives by generously dividing with the laborer the laborer's own earnings, that is, when the son is not hard up and needs it all for "margins" or a yacht.

It is charged by the friends of silver that a conspiracy exists for its destruction. I will not go to the length of saying that a conspiracy is formally organized. But there are a consensus among the monometallists and a subordination of them to a foreign power, the effect of which is as damaging to silver as if it were produced by an actual conspiracy. The head center is not in America; it is in London—the world's financial focus.

I once stood on the east bank of the beautiful Satilla, and, pitching my voice to the dense wood on the opposite side, a thousand responses echoed from leaf and leaflet beyond. When Lombard street on the eastern side of the Atlantic cries "Gold!" every city, town, banking house, and bondholder on the western shore echoes "Gold!" Lombard street, thirsting for gold, exclaims, "Dishonest silver dollar!" and through every street and avenue of commerce radiating from and connected with that gold center is reverberated by ten thousand bondholders and bankers, "Dishonest silver dollar!" Lombard street declares that the American silver dollar is worth only 80 cents in British money, and Wall street echoes: "Yes; our silver dollar is worth only 80 cents in British money."

About a hundred years ago some rebels asserted in an almost forgotten manuscript that Congress alone has the power "to coin money, regulate the value thereof and of foreign coin." They denied the power of king or queen to regulate the value of American coin. Some of their children still revere that manuscript, and in their simplicity believe it to be their right and duty to coin money for our own people and to regulate the value thereof for home use. If our fathers erred, why should not we of great faith be forgiven? "If Adam in the days of innocency fell, what shall be said of poor Jack Falstaff in these days of villainy?" Why shall the silver advocates, who try to maintain the honesty of our country's coin and to regulate its value, be condemned for entering our feeble protest against that regulation being committed by Wall street and banks and bondholders to the tender mercies of Lombard street, the Bank of England, and the Queen of Great Britain?

One hundred and ten years ago our rebel fathers proclaimed their independence of the British crown. The king then, as the queen now, coined, stamped, and issued the coin of the realm by divine right. And, while we save the queen the trouble and expense of coining American money, she still regulates the value thereof. We escaped the tyranny of the British crown to fall under the despotism of British gold. It is time for a second Declaration of Independence, but it must be made by the yeomanry of the land. The moneyed power of the country is impotent, and interested in our enslavement. A class who repudiate their country's coin because a foreign government calls it bullion cannot be trusted to rescue their country from the slavery of British gold.

I believe we should stand still—neither adopt free coinage nor suspend the present coinage. We have done well in the past eight years of silver coinage. We have acquired about $40,000,000 of Europe's gold. Property has appreciated and business is improving. Let us stand still. Should our condition grow worse, we can then determine what to do. We have invited Europe twice to negotiate and have been refused. We are getting her gold, and she is growing uneasy. The leading business body of London has appealed to Parliament to remonetize silver as a legal tender. The business men of Germany are moving at large for relief from gold monometallism. A financial seismic movement more powerful and alarming than one of her earthquakes is shaking Spain. Let us stand still. We are in the dark, and need light before it is prudent to move. The dawn is breaking in the east, and soon we can move with assurance of safety.

In this country we have three classes: First, the producers, who are farmers, manufacturers, miners, and inventors; second, middlemen, who are merchants, commission men, brokers, and others; and, third, the wreckers! Economists and financiers, many of them sincere but boy-blind, believe our ills arise from silver. Others know better; but, disingenuous and crafty, they throw silver out as a decoy to the people, as a tub to the whale. The number of grains of silver in our dollar, the limited number of silver dollars, and their bulk and inconvenient form have little more effect in producing the business depression and suffering in this land of plenty than the influence of the Pleiades. There is an effect, but it is factitious; it is the white-cap beaten up by the sharks, who attend the pirate fleet, prowling for shoals of smaller fish. The effect of the real piracy is an ominous ground swell on the bosom of this human sea, to allay which the wreckers would be wise to throw upon it some of their oil garnered from millions of victims.

To change the figure, the wreckers are the bulls who toss and gore to death those whom the bears do not squeeze to death. They are those who in the East wreck banks and railroads, and in the West wreck mines and miners.

The calamities that attended the late war between the States no prophecy could have foretold, no inspiration can ever record.

All over the South black chimneys stand like monuments raised to tell future generations the line of the bloody march of war.

But there are sorrows and misfortunes which time can heal or mitigate. Property is being replaced. The grave is giving oblivion and rest to the broken heart of age. The orphans are now busy in the battle of life. But another and a greater evil than these sprang from that conflict, like the destroying genius which leaped from the flame kindled by the magician. While the South lost over two billions of wealth, the North acquired more than that amount. It came from profits in contracts, the par value given to her bonds and paper money; and appreciation of all property by the triumphant result of the war. Then came extravagance, wild speculation, vast enterprises, and the wreckers. On the shore of the great Pacific—in the land of golden sunsets and golden sands—the wreckers appeared, and, by the power of union for destruction, they swept by stealth and cunning from the laboring masses hundreds of millions in less than ten years. In the East, since 1865, billions of dollars, by systematic wrecking of railroads and other vast enterprises and of individuals, have been, as if by Aladdin's ring, gathered from the toiling millions into the vaults of a few wreckers. We have seen fortunes varying from ten to two hundred million dollars accumulated by one man in less than twenty years; and to-day the majority of the wealth of this vast country is held by less than 1 per cent. of our population.

To determine where we stand, whether on a rock foundation or a crumbling brink, let us take a hasty retrospect of our country. At the laying of the corner-stone of our Government and for a human generation after, virtue and honor were the people's guide and shibboleth. They demanded these virtues of every public servant. That was our golden—our Augustan age. Then sectional interests began to clash and slavery became a national issue, and the North and South, through sectional pride and interests, disregarded personal virtue and substituted intellect. Then followed the gladiatorial age. The question was not What is he? but What can he do? What are his skill and strength, and can he meet the Philistine? Political parties cared little for personal honor and that high character that should shine afar across the land as a guide and example to youth. That period covers the second epoch in our history, and expired only at the close of the war—the genius and ability chosen by North and South, for the four years of that struggle, being selected from the military, instead of civil life. In the first epoch virtue was power; in the second intellect was master; in the

third and present money is king. It dominates all sections, all classes, all stations, all creeds, and both sexes. The wealth of the wreckers has poisoned every social avenue as the leprous distilment coursed through every vein of Denmark's king. The ambition of the young is not to be a Washington or a Jefferson, or a Great Expounder of the Constitution. It is to be the modern Crœsus.

While the fathers are rearing a brood of dudes and dunces, and educating them in the art of wrecking, as old Fagin instructed the Artful Dodger and Oliver Twist, the mothers and daughters, instead of trying to give to their country jewels, such as the mother of the Gracchi pointed to with pride—instead of nursing young Websters and Adamses and Marshalls—are spending thousands of dollars in nursing parrots, poodles, and pugs. While just around the corner are twenty, thirty, or forty families, crowded and packed away under one roof of a six-story house, living in squalor, hungry and ragged, seeking work but finding none, living and dying in disease-breeding air, the pugs and poodles on Fifth avenue are the favored objects of the tenderest maternal care and lack nothing of earth's luxuries and pleasures except intellectual companionship. And should one of these quadruped members of the family grow weary of the repetition of platitudes at home and in a fit of ennui violate domestic discipline and seek society in some neighbor's yard, a reward is offered for the return of that worthless, dirty dog, sufficient in amount to feed those famishing families for at least a month.

But what cares the wrecker for those starving poor! His business is to wreck, not to aid. Like Captain Kidd, his gain comes by sinking and gathering in.

> He cares not for those who go down in the cutter,
> He's thinking of the biscuit casks and butter.

Whenever these wreckers fix their basilisk eyes on a corporation its fate is sealed. A pliant board is elected or an existing board is bribed; all profits are put into betterments; no dividends are declared; the stock at once declines; the wreckers fabricate and circulate damaging rumors; the small holders—the poor, the widows and orphans, dependent on those dividends—are forced to sell, are "squeezed out." The stock is further depressed by every forced sale, then the bonds decline, and the wreckers, like the jackal hid in the bushes watching the lion die, steal out and buy the bonds, and when a majority is secured the only remaining step is a judicial process to sweep

the stockholders away. And thus the producers are robbed and labor loses its just reward. If these wreckers had never appeared, billions of useless and idle wealth would be in the hands of those who produced it, and this people would be the happiest on the earth.

And these are the men who are in league with Lombard street in this war on silver. Why should they not be? If gold were our only currency, one dollar would buy what two can buy. This untold wealth would be almost doubled, for the value of a dollar is its purchasing and debt-paying power.

These are the men who are keeping America bound to the Crown of Great Britain by the domination of British gold. They see no good in any coin that England will not receive, and therefore silver is condemned.

These are the men who, like Aaron, have fashioned a golden calf for virtue and intellect to worship. By the vulgar display of wealth in "barbaric pearls and gold" emulation has been stimulated until dishonesty in bank officers is about the rule, and Canada has become the Elysian Botany Bay for American thieves, who, without trial or sentence, go into voluntary exile.

The wrecker is the man who gives as his reason for opposing silver that his heart's desire is for the wage-earner to get an honest dollar. He descends from his sanctuary in Wall street as the high priest came from the sacrifice of doves, with garments dripping with the blood of a thousand "lambs" just sacrificed to Mammon, and beseeches the people to share with him an honest dollar. Shakespeare portrays his ideal of a friend in the noble character of Iago, as he strove by every manly appeal to allay the jealousy of Othello; he has given his best conception of a Christian creditor in the measured justice and mercy of Shylock; Dickens touched the limit of descriptive power in the pious sincerity of Mr. Pecksniff and the statuesque posing of Mr. Turveydrop; but when and whence shall come another Shakespeare, or Dickens, who can rise to the height of his great argument, and do justice to the disinterested, the self-sacrificing friendship, the Christian justice, the unmitigated sincerity, the exquisite pose of the wrecker, as he implores the people to "come without money and without price" and accept from his hands an honest dollar?

They are the men who have conspired and combined their hundreds of millions to oppress the laborers, and they are responsible for the counter-combinations of laborers to resist that oppression and to maintain the dignity of labor. The "strikes" are a protest against the heartless oppression of combined capi-

tal. They are the only hopeful sign of deliverance from the wreckers, and I hail it with a feeling of relief. The issue is at last joined, and the contest is between the wreckers and the strikers. My sympathies are with the strikers when they keep within the law. Public sympathy will support them so long as they are prudent and peaceful and respect the law, and within the law I bid them Godspeed in their struggle with the wreckers.

They should not feel discouraged. They are gaining ground. Public sympathy for them is stronger than in 1877, during the strike at Pittsburgh. They should not appeal to Congress for assistance. This is not the place to seek relief, even if Congress had the power to give it. It is to be found in the big heart of this mighty people; in lawful combinations and the use of lawful measures to oppose the tyranny of this vast aggregation of money in a few hands; by educating the people to heap scorn and contempt on the men who, through gluttonous greed for millions more, are grinding the poor to death; by taking care to be represented in every Legislature by pure, just, and able men; by retiring to private life every representative and office-holder who, with no income but his salary, acquires wealth while in office; by cultivating a patriotism that embraces all sections in a common brotherhood and destroys forever all unkind feeling and sentiment engendered by the war, and by refusing at all times to make wealth the test of qualification for office, or to permit it to buy its way to office and to power.

Charles N. Brumm [Pa.], a "Greenbacker," spoke upon the bill.

I believe that money should have no commodity or barter value *per se*, but should be purely a representative of all value, based, through the Government right of taxation, on all commodities within its jurisdiction, and limited in volume only by the needs of commerce; and that it should not be confined in volume to any one commodity or to several commodities. Neither should it in the slightest degree be affected by the value of any commodity, and more especially when that commodity, like gold, is so rigid and limited in its supply as to put it absolutely within the power of a few gold bouncers to juggle with its value by manipulating its volume. And as I know that this Government will not, and I frankly confess can not, at once throw off this yoke of barbarism, but must for a while longer foster the dishonest barter dollar and thus keep commerce bouncing around on stilts, I will do all in my power to give her at least

two pegs to travel on, and not force her to hop around and try to balance herself on one. [Laughter and applause.] Therefore I am for the present in favor of unlimited coinage of silver and gold. This will double its base and give at least two bearings for the superstructure to rest upon, and make it less susceptible to manipulation than if it were pivoted on a single basis. "But," says the gold bouncer, "you must have a standard of value, and therefore you must limit yourself to one thing, and, as gold is the money of the world, that one thing or standard is or must be gold, because," he says, "it is the least variable, and always represents the fixed rate of the labor involved in its production."

This, sir, is the premise upon which the whole monometal argument rests; and as this involves five separate, distinct, and palpable errors, all conclusions drawn from them must also be errors. First, it assumes that there is and must be a money of the world; second, that that money is gold; third, that there is and must be a standard of value; fourth, that that standard must have value *per se*, and therefore must be a specific commodity by which the value of all other commodities is gauged and regulated; fifth, that as gold is the least variable of the precious metals and always represents a fixed amount of value or labor in its production, it is and must be our standard. I shall consider these ridiculous fallacies in the order in which they are named.

First, that there is and must be a money of the world. Sir, there is not and never can be a money of the world until you establish a world government to create it. As money is a creature of law it must be the creature of some government that makes the law, and therefore it has powers as money only within the jurisdiction of the government that makes it. Hence money is never used in commerce between nations. You settle your international balances with bullion; you settle them with the commodity value or commodity element of bullion, and not with money; even if coin is used it is not counted, but is put in the scales and weighed and its alloy deducted in calculating its value as bullion.

Second, "the money of the world is gold." Since it is true, as I have shown, that there is no money of the world, this is already answered in the international or world sense; but even if it is contended that in a national sense it is the money of the world, this is also false, for gold of itself is never money, although money is often made of gold; yet there is not one nation in the world that makes all its money out of gold, while

every nation makes some, and a majority of nations make all their money out of silver.

Third, that there is and must be a standard of value and that standard must be gold. Sir, no commodity can be a standard of value. All values depend upon usefulness. Therefore, any article or franchise that is just as useful or will perform the same function or answer the same purpose as any other article or franchise will be just as valuable, no matter what material either is made of. Although the cost of a thing generally represents the labor required to produce it, yet the intrinsic value of a thing still depends upon its usefulness, while the price of it depends upon supply and demand and is usually called the market value.

Therefore as the cost, the intrinsic value, and market value of all commodities depend upon the local as well as the general conditions, circumstances, and changes incident thereto, there can be no fixed value or standard nor relative value for any commodity in any locality for any length of time; for there is no commodity that maintains the same relative, intrinsic or market value at all times in the same place, nor at the same time in different places, no matter what material it may be made of or what its nature, whether it be diamonds or a right of way, a physician's prescription or a dignity, a druggist's emetic or gold, silver, or paper, iron or a railway pass, a serpent's tooth or a tax receipt, lawyer's advice or copper, cockleshells or a priest's absolution, fiat paper money or a right of piscary. All, all are as unsettled and shifting as the winds.

If, then, you cannot fix the cost, intrinsic value, relative value, or market value of *any* commodity for *any* time in *any* locality, sir, how infinitely do the possibilities multiply when you attempt to create even an approximate standard for *all* commodities at *all* times in *all* localities of this heterogeneous world.

But even if an approximate standard could be established, the most unfit article for that standard, next to diamonds, would be gold, for if there is any one article which more than any other article fails to represent the amount of labor in its production by its value it is gold; because it is an original element that cannot be manufactured, grown, or produced by any combination of elements or manipulation of man. It is a hidden element, most uncertain in quantity, locality, and conditions. It is a very limited element, wherefore its supply cannot be accommodated to the demand, thus making its value depend almost entirely on the manipulation of its owners.

It is not an article of prime necessity, nor a substitute therefor, being neither food nor medicine for the mind or body; nor does it clothe, shelter, convey, or preserve man, beast, or any commodity, and, outside of the gratification of the savage passion for personal decoration, it adds very little to the comfort of man; and, were it not for the great value and power given to it by making money out of it by conventional laws, it would play but a very insignificant part in the affairs of men. Yet you tell us that you cannot add value to anything by law, no matter how useful the law may make it, but that all values depend upon the amount of labor it takes to produce them, no matter whether the value be intrinsic, relative, or market. If that be so, then God help the laborer; for I think it is time that he should get at least a visible share of the value of his product. That is, you mean to say, that if you demonetize gold by law all over the world, and thus destroy its usefulness, it will still retain its value because it represents a certain or fixed average amount of labor in its production.

Upon the same principle, I suppose, you would hold that to remonetize silver by law, and thus increase its usefulness, would not enhance the value of silver, because its value is fixed also by the amount of labor represented in its production.

But, again, how can gold alone represent the cost of its production when it is produced almost always with silver or copper, or with both, or with some still baser metal, in combination with it? By what rule of mathematics do you calculate the mammon value of the shattered limbs and the health and lives lost in its production? And if you had a rule, how would you apply it to each specific case or degree? Where have you the statistics of the number engaged in gold mining, with the hours of labor and the energy expended by the eager searcher for gold? And how will you ascertain the amount expended in the production of gold and how much should be charged to its companions, silver and other metals?

Moreover, gold under the commodity or barter-money system is of all things the most variable and uncertain, because it is not only subject to all the incidents of fluctuation that any other commodity is, but by reason of its limited supply it is absolutely under the control of the gold juggler on the one hand, while on the other hand its monetary uses subject it to all the whims, ignorance, avarice, and corruption of every national law-making power in existence. Therefore in proportion as you keep it isolated and allow it to monopolize these attributes, you in that proportion intensify and magnify these

functions, until by its unlimited power it becomes the hellish dynamite of tyranny and oppression in the hands of the few all over the world. Whereas, if you separate these functions and impart to silver an equal share of this power, you will at one blow strip gold of more than half of its power for evil, and to that extent at least, by easing up the interchange of commodities, steadying values, and liberating commerce, bring relief and blessings to all humanity. [Applause.] For we must not forget that the price or value of a commodity in an untrammeled state of commerce will fluctuate on its own basis—that is to say, will be affected by causes wholly incident to itself and its component parts, modified by effects upon its substitutes—and will not materially affect other commodities. But where all commodities are transferred by a medium of exchange, all such commodities are subject to the additional fluctuations incident to such medium. Therefore if that medium is gold alone, which is so absolutely within the power of the few, then these few will control all money and thereby control everything that money will buy; that is to say, by cornering this very small basis or commodity medium, aided by the credit based thereon, you simply play football with all values, and by bouncing them *ad libitum*, you at times impart a sudden and often violent impetus to production by enlarging its basis and inflating its credit. So that when the commercial fruit is ripening for the purpose of gathering in the harvest yourself you lower its value and thus lower its consumption, and consequently by impeding the interchange of commodities you find every producer with too much of his own commodity on hand and not enough of anybody else's. Then the subsidized press, the fossil statesman, and the superficial pulpit orator, like Henry Ward Beecher and Joseph Cook, will join the money-bouncer, and pointing to the undistributed products will say, "Behold the dire result of overproduction." [Applause.]

Sir, it is for this reason that these bouncers adhere so tenaciously to this false doctrine of standard of value, for they know full well no commodity can be a standard, as a standard means something fixed, stable, and unalterable, as a yard, quart, pound, etc., and that is just what they do not want, for like all speculators and gamblers they live on uncertainties that may be fluctuated, manipulated, and contaminated.

Would to God that under our present system gold was a standard of value. Then, sir, parties to this controversy would be reversed; we would sustain it, while its present advocates would be its worst enemies and would demand its immediate

demonetization. Sir, it would then no longer answer their purpose. They want no stability, no standard, no solid, honest basis, for, just in proportion as the basis is widened and made firm, you prevent manipulation and secure a more equal distribution of the products of labor, while just as you contract the basis to gold alone it becomes the artful dodger of commerce that enriches the few and impoverishes the masses.

Although no article or commodity can ever be a standard of value, yet there may be an approximate parity or ratio of values maintained between two or more commodities that serve similar purposes or can be substituted for each other; *e. g.*, anthracite and bituminous coal. Increase the demand for anthracite by making it more useful, you soon raise its price, and, as its price advances, bituminous will be substituted; this substitution of bituminous increases its usefulness and raises its value, while it decreases the usefulness of anthracite, and relatively decreases its value until the parity is again reached, and is in this way very approximately maintained. So it is with wheat and rye, gold and silver, oats and corn, the different kinds of meat, the different kinds of wood, etc.

But if Congress had jurisdiction over commodities as she has over money, and would allow an unlimited or free use of one commodity and would restrict the use of any or all substitutes, she would soon destroy the parity or ratio, especially if the favored commodity was very limited in its supply as gold is.

As the paramount object in commodity money is the maintenance of parity of value in the various commodities out of which the coins are made, the present discrepancy in the commodity value of our gold and silver dollar is the strongest argument (from monometallists' standpoint) against the limitation on our silver coinage—for unlimited coinage of silver would increase its value, while it would decrease the value of gold and thus bring both metals to the money or coinage ratio, namely, 16 to 1; because no metal can ever be above the coinage value and stay in circulation.

By the unlimited coinage of silver the bullion becomes more useful, and therefore more valuable, while gold is to that extent displaced, it becomes less useful and therefore less valuable, thus bringing them closer together until their parity is reached by an easy process that will do injustice to none, but will add unbounded blessings to millions. But, says the goldite, this country cannot do this alone; we must wait until we get England and Germany to join us. Sir, I deny this, for England never

will join us until we force her to, as it is her interest to widen the breach between the commodity values of gold and silver, as I shall show hereafter. Moreover, so long as we follow the British system we will be subject to their financial and commercial control, whereas if we adopt a system of our own we will be masters of the situation.

Therefore let us adopt unlimited coinage of gold and silver. We can hold the balance of power between the conflicting monometallic nations of the world, and maintain the parity of value between the precious metals, for we produce over half of all the precious metals; therefore the civilized world is largely dependent on us not only for the metal supply, but for food, cotton, oils, and many other products, while we are absolutely independent of them.

Sir, by a proper protective monetary system we could be as isolated commercially and financially as we are geographically. If gentlemen would have a clearer appreciation of the greatness of our country, a better knowledge of its unbounded resources and infinite possibilities, with a proper realization of the eminently independent position this nation could occupy; if they would only have the courage and self-reliance to stand with us and declare ourselves financially and commercially independent, as our fathers declared themselves politically and socially independent, we could, and ought to, have the commercial world under our control more absolutely than England has ever held it. We could then utilize our powers for the honor and greatness of our Republic and the elevation of all mankind.

But I said I would show that England would never join us until we force her, and why? Because she and Germany are the two great creditor nations of the world, while we are a great debtor nation; hence it is to their interest to shrink the basis of money and contract the currency by monometallism, so that we and all their other debtors must pay them in a commodity coin upon which there is a premium and thereby increase the value or purchasing power of their assets at least twofold.

But while England seems to have suspended the coinage of silver, she really coins silver every year; in fact the charter of the Bank of England calls for a certain amount of silver reserve in her vaults, yet practically she is a monometallic country, as in England proper gold is the standard of payment, while in the rest of the British Empire silver is standard of payment; *i. e.*, all payments to her must be in the higher-priced

metal, gold, while most all payments by her are in the lower-priced metal, or silver.

By the present disarrangement in the ratio and market value of gold and silver England robs from the treasury of India £17,000,000 annually on the single item "loss on exchange," and this is only the bonus on the taxes she exacts from her India slaves. Imagine, then, if you can, the unmerciful robbery she commits on the productive industries of India by the London bills drawn on Bombay, Calcutta, and Madras for the difference in the metal value of the India silver rupee and the English gold pound for all of their interexchanged products. By this process she deprives us of the foreign market for our wheat and low grade of cotton.

Mr. William H. Oliver, of North Carolina, says:

> When England buys wheat and cotton from the United States she pays gold or its equivalent for it, when she buys it from India she pays for it in silver. Her preferences are all in favor of India, and although the expenses of transportation are much heavier, yet the difference in paying for it in low-priced silver makes up for it.
>
> The interest of England and the United States is diametrically opposite.
>
> England produces no silver and wants it at ruinously low prices, hence she demonetized.
>
> England, on a gold basis, wants to buy silver cheap, and with that silver buy wheat and cotton from her own dependencies and thereby cut off the United States from the sales of those articles which her necessities compel her to buy; and, strange to say, in this country is found a class of our own people willing to assist England in this movement.

Then I ask again whether it is not high time for us to tear ourselves away from this barbaric English system, if not for the protection of ourselves at least let us no longer be accessories to the hellish crimes of Great Britain against her subjects and slaves. [Applause.]

Sir, with free coinage of both metals, a distinctive American system of finance and protective tariffs, we can tear the commercial jaw of the British lion, and so lubricate the wheels of progress that all the world will share its blessings.

But it is said that free coinage of silver would drive gold out of the country, under the operation of the Gresham law; but this is an error, because the Gresham law is applicable only to those countries where the balance of trade is against them, and where they are not gold-producing countries, as we are.

But, it is said, we have too much silver already; it will not circulate. Sir, there is no danger of too much silver as long as our per capita is below that of France, for the nearer we

get to the French per capita the further we get from our miserable, uncertain, blood-sucking credit system, which is the mother of panics and hard times; and the nearer we get to a cash basis. Of course, as long as our President and Secretary of the Treasury remain the willing tools of the gold bouncers and act as their turn-key in locking up the silver, it can not circulate even as much as the felon in his cell; but if, like honest officials, they would execute the letter and spirit of the law, and issue their call for bonds to the full extent of the surplus hoarded in the treasury, and pay only half in silver, then pay half the pensions, half the amount due the Government officials and employees and other creditors, in silver, do you suppose any one would refuse it? Oh, no; we would all take it, for we all know that it is, and always has been, a legal tender for all debts, and that a refusal to take it would cancel the debt pending such refusal.

But they say as soon as we pay it out it comes right back again. Well, what of that? Cannot you pay it right out again? And thus it will circulate more actively than any other kind of money. But that is just what these bouncers do not want, for by that process the debt will be paid too soon and bank circulation withdrawn, and I hope greenbacks substituted for them. Then when the debt is paid wipe out the cursed internal-revenue system, and by a high protective tariff reduce the receipts to the current expenses of the Government.

But you say free coinage will decrease the purchasing power of a dollar, and therefore will deprive the poor workmen and the widows and orphans of their savings; but this can only affect those whose assets are in money, while upon all other assets it will have the opposite effect. Why is it the President and the Secretary of the Treasury are so very solicitous about the few poor workmen and the widows and orphans who are creditors, and have no care for the millions of poor who are debtors, for, if free coinage will injure the creditor, then suspension of coinage will injure the debtor, and our debts, national, State, county, municipal, corporate, and private, are in excess of our taxable assets; therefore to demonetize silver or gold would double our debts and decrease the value of all property (except money assets or their equivalents) about one-half.

But, say these gentlemen, the silver dollar is a dishonest dollar; it is only worth 80 cents. I deny this, as you cannot get a silver dollar anywhere, even at a discount of 1 per cent. It will buy just as much as a gold dollar and will pay just as

much of a debt. But they say silver has fallen in value. This is also false, as silver has not depreciated in value, for it holds its own value with other commodities, all of which are lower, if measured by gold value. Hence it is plain that gold has appreciated in value and is therefore the dishonest, robber dollar.

Sir, if labor was paid in the commodity value of the silver dollar or its representative, then labor would lose; but being paid in its legal or money value it gets just as much as if paid in gold, as both have the same purchasing and paying power. But again, they say if you remonetize silver you depreciate the money value of the silver dollar. This is true; but by it you also depreciate the money value of the gold dollar relatively, and as the workingman as a rule has no considerable number of dollars of any kind on hand he need not be alarmed at their depreciation, especially when the depreciation of the value of the dollar will relatively appreciate, or raise, the value of all his other commodities, whether they be labor or any other assets. Hence I say that the fatherly care these gentlemen have for the poor workman is the kind that the wolf gives to the lamb.

But let it be admitted that, whether it be suspension or free coinage, wrong must be done either to the creditor or debtor. Then as the debtors are largely in the majority, it is better to wrong the minority than the majority, for all producers, property owners, stockholders, and taxpayers are debtors. Therefore the only ones that are not more or less benefited by the free coinage of the honest silver dollar are those who live on usury, or at least to the extent that their income is interest on money loaned. Therefore I want to legislate in the interest of the honest debtor. I want our debts paid whether they be public, corporation, or individual.

But, sir, it is not only a question as to the number or proportion that are to be injured or benefited by our legislation, but the degree of injury or blessing to those to be affected will always be considered by honest statesmen. I contend that to impoverish the people is a greater crime than to tax the wealthy. The widow's mite was a greater sacrifice to her than all the contributions of the rich.

It is not so hard to take from the few a small, or even a large, portion of their superabundance as it is to rob the poor of any of their necessaries. If wrong must be done, I would rather wrong the strong than the weak. I would rather have less gold for the rich than no bread for the poor. I would rather tax the luxurious surplus of the few than lay tribute on the sweat and blood of the masses. [Applause.]

William McAdoo [N. J.] opposed the bill.

Mr. Speaker, I am in favor of bimetallism and opposed to unlimited coinage of silver at this time as likely to produce monometallism. Demonetization of silver means gold alone. Unlimited silver, when all the world is grabbing for gold, means silver and nothing but silver for the United States.

The scheming gold-bugs can take care of themselves, and the powerful, autocratic, mine-owning silver kings, who have the country now under their feet, and are playing to swindle the poor and helpless, have advocates enough. Let somebody speak for the people. Sound reason, universal experience and consent, and the Constitution of the United States make gold and silver metals the medium of exchange or money of this country. These metals have the highest intrinsic value. Beyond this value the state gives them additional purchasing power by its patent. Commerce and international intercourse make it necessary that all or many nations shall unite to give value as money to these metals beyond their intrinsic value. If all the other nations of the earth unite to demonetize silver, the demand being less, it will depreciate. The world needs both metals. The grinding Shylocks prefer monometallism, but the people want a good volume for their wants, and will tax both metals for a supply.

To bring about bimetallism, free coinage of gold and silver, we must force international action on behalf of silver. The gold nations of Europe want us to become the great silver dumping ground. To begin the unlimited coinage of silver now is to aid the almost universal conspiracy against that metal, and postpone, if not entirely wreck, the cause of bimetallism. Gentlemen who want free trade in everything and unlimited protection for the silver mines should consider this phase of the question. Free-trade England, aptly dubbed by a great Englishman as the Pecksniff of nations, is cheering on the silverites so that she may have sufficient of the scarcer metal, gold.

Why does the present silver dollar pass for a dollar? Because it is intrinsically worth a dollar? No; but because the United States Government makes it by law a token whereby they obligate themselves to give you a real, honest, gold dollar for this stamped piece of silver. They could do the same for 60 grains of pewter or a pound of clam shells. So, it circulates some. Why does it halt and limp? Why are you legislative policemen all clubbing and "resolving" and "enacting" it to "move on"? Why does it not assume a bold manly stride and walk alone with erect crest? What ails it? That it is very weak since it has been violently and, as I believe, unjustly exiled you must know. It now only walks at all because of leaning on its big brother, gold. This big brother has so many pressing and impressing invitations to go to Europe that the poor silver dollar is afraid of the crash if he be finally called away.

The rich man who is getting afraid that soon you will have no gold to give him for your silver token is putting away his supply of gold as he does his winter coal, in anticipation of cold days in the financial world. The poor man for whom you declare so vehemently, he is a ready victim. He cannot help himself. He must take your token and forget his distrust. When its powerful twin brother, gold, has deserted it and the poor man goes to the bank where he now, as the result of his pain, labor, sobriety, and frugality, deposits your silver dollar, he will draw out 79 cents or less, and this with over $1,095,-172,147 in savings banks. Gold, says Mr. Tidman, the English economist, for the rich nations, silver for the poor nations. Gold for the rich men, silver for the poor men, says the Congress of the United States.

Sir, down in the subterranean recesses of the silver mines, in the darkness and the danger, brawny labor is striking at the heart of the hills; even as we speak, half-naked and begrimed in noisome chambers, it swings its ponderous sledge from morn to eve, from eve to morn, delving out the precious metals for the smallest pittance of its own production. These are not the men who from press and forum are sending out selfish and misleading cries for unlimited coinage and Government gifts to the millionaire owners of the mines, pleading in the sacred name of labor and poverty for the compulsory purchase by Government of depreciated goods at the valuation of the sellers.

As between this silver syndicate and the honest if mistaken Greenbacker, I infinitely prefer the latter. Our free-trade friends wax hot about the tariff barons, but vote protection and subsidy to the silver barons, who, having become enormously wealthy at the expense of the taxpayers, are now the ruling and controlling powers in several States. Let us in our zeal against contraction of the volume of money not become the dupes of metal owners, speculators, bonanza kings, and selfish, cold-blooded syndicates. I would not contract the currency beyond the wants of the people, neither would I cheat the people with a debased money. The divine command is still with us, "In the sweat of thy face shalt thou earn bread"—or its equivalent.

"In the sweat of thy face" is the veto message of Omnipotence against all financial dishonesty, whether this be of speculator or of legislator. National greatness must be based on honest finance.

Look at the wrecks of the cure-alls, rich-alls, and money-alls: Wood, wampum, shells, brass, copper, scrip, State banks, and confederate bills—there they lie, a mass of wrecked notions and dishonest ventures. The Keeley motors and airships of financial speculation, all wrecked at the first touch of the Divine injunction. "A false balance is an abomination to the Lord, but a just weight is His delight." Declamations, statistics, statutes, decisions, resolutions, speeches, printing presses will give no man money honestly unless he first win it by his labor. When he thus earns it, give him an honest requital in honest money, that will stand all tests, thus preserving national as well as individual morality in obeying the command, "Provide things honest in the sight of all men."

In the name of industry, labor, morals, and sound finance let us refuse to open the flood-gates at this time for the white stream to wash the golden sands into other channels, and permanently divorce the twin king metals of the world, gold and silver. [Applause.]

On April 8 George D. Tillman [S. C.] supported the bill.

One of the most conspicuous falsehoods that this overshadowing gold monopoly urges in its defence is that gold is now our sole "unit of value," by which it is claimed all other values or properties, including silver, must be measured, and this is the reason assigned by the present Secretary of the Treasury why no interest or principal of our huge public debt can or shall be paid in silver. Even President Cleveland countenances this idea by permitting it to be carried out in practice and by saying in his message: "Every patriotic citizen who does not desire his Government to pay in silver such of its obligations as should be paid in gold" ought to feel a deep concern against the further coinage of silver.

My colleague [John J. Hemphill] also says:

The act of Congress of February 12, 1873, declares that the gold dollar shall be the "unit of value" for the United States. This was a deliberate settlement of the "unit of value," by which, as a standard, the ratio of all other money should be determined. Measured by this standard, the silver dollar is only four-fifths of the value of the unit dollar.

Let us see if this "universal standard fixed for the United States," as alleged by my colleague, is really our only standard. Even if what he says were true, how can he assert that making gold the sole "unit of value" in this country "was a deliberate settlement" of the "standard" or "ratio" by which "all other money should be determined"? He admits that the act establishing this sole "gold unit of value," as he calls it, was the infamous law of 12th February, 1873, that demonetized silver, and was smuggled through both Houses of Congress without anybody except the conference committees knowing the effect of the law, and without even the President who signed it knowing until the next fall that an act had been approved by him demonetizing silver. If there was any "deliberate settlement of the unit of value" in that sort of legislation, then I do not know the meaning of either the words "deliberate" or "settlement."

It is strange doctrine that the disgraceful act of 1873 should have deliberately settled the unit of value in favor of an exclusive gold standard, when just as soon as the people found out silver had been demonetized they forthwith required it to be remonetized, and sought to place it where it was before as one of our money metals, having equal legal-tender power with gold on the ratio of 16 to 1, and the same privilege of "free" coinage as gold. That the act of 1878 remonetizing silver restored it to the old-established American ratio of 16 to 1, and made it at that rate a legal tender for any public or private debt, there is not the ghost of a fraction of a shadow of an atom of doubt; but this act of 1878 did not restore "free" coinage, simply because coinage had to be limited to secure a two-thirds majority in each House of Congress to overcome the veto of acting President Hayes.

And now because silver bullion is estimated 20 per cent. below its par value with gold on account of the compulsory veto of a fraudulent President denying it free coinage, is it just, is it truthful, is it candid, is it manly, to claim that silver bullion is really depressed 20 per cent. below the gold or "universal standard fixed for the United States" by the infamous act of 1873, which every honest American ought to be ashamed to quote?

A tyro in the knowledge of the Constitution and laws of the United States ought to know that we have but "one unit of money," although we have two standards of value. Our unit is the "dollar"; our standards are gold and silver. Every nation has a different unit of money from its standard of money, and the sneaking smuggler who interpolated the particle "the"

in the phrase "the unit of value" in the demonetizing act of 1873 was a bungler. It means nothing more than "the unit of money" or "the unit of measure."

Our Constitution clearly establishes two standards of value when it declares that Congress shall have power to coin money and regulate the value thereof, and that no State shall make anything but gold and silver a legal tender. "Regulate" implies more than one kind of coin and, as the States are prohibited from making anything but "gold and silver" a legal tender, the inference is irresistible that it was intended Congress should also make both gold and silver legal tender and nothing else but gold and silver legal tender for private debts. Our first coinage act of 1792 established the "dollar" as the "unit" of money, not the unit of value; but it also provided at the same time for a silver dollar and a gold dollar.

Yet in the face of law of 1878 rehabilitating silver as it was previous to 1873, in face of the laws of 1869 and 1870-71, declaring that all the war bonds should be paid in the coins that were then legal tender; indeed, in face of the stipulations printed on the face of the bonds themselves; and lastly, in face of the mandatory statute that all coin paid for duties shall be dedicated to payment of the interest and 1 per cent. of the principal of the public debt each year, the present administration, treading in the footsteps of its Republican predecessors, pays both principal and interest of the bonds exclusively in gold, upon the pretence that " the unit of value" means the same thing as "the standard of value."

All free-traders ought to support free coinage of silver. That is the logical result of their doctrine. My colleagues [George W. Dargan and Hemphill] are free-traders—ultra free-traders, I believe—yet they support the monopoly of gold for free coinage, thereby coöperating with the high-tariff men, who are the best friends gold monometallism has on this floor. If silver bullion could come and go at pleasure, as gold does at the mint, it would retain the steady market relation it has held to gold for over two hundred years, but being restricted in the exercise of one of its most important functions, to-wit, serving as coinage, its commercial value declines in exact proportion as the market value of the metal having a monopoly of free coinage rises. Commerce must be free, competition must be unrestrained, before the relative market value of two things can be fairly determined.

But we do know that the legal-tender power of a silver dollar is as much now as it ever was, is as great as a gold dollar; and we also know that the value of uncoined silver bullion has not fallen below its former nominal rate, compared with other things except gold, which proves that only gold has risen. Silver has not fallen and gold has merely gained in increased value what silver has lost by being deprived of free coinage.

Ah, Mr. Speaker, how easily Congress can make the people of this country prosperous and happy by simply letting them have plenty of money, as France does her people, to carry on their business. If you take nothing from nothing nothing remains, and if you add nothing to nothing nothing is still the result. In a country where there is but a scant supply of money how can a poor man get a start? How can he save anything? But an abundance of good money, whether coin or treasury notes, vitalizes a country, as copious rains from heaven fertilize the earth wherever they fall in summer. It has been said by more than one philosophic historian that the use of only one of the precious metals as money by Asia, while Europe has always used both, explains the wonderful difference in the civilization of the two continents.

The gentleman from Massachusetts [John D. Long] quotes several pages of comparative price-lists to show that a dollar will buy more of the necessaries of life these hard times than in flush times, and he deduces from that the conclusion that it is better for a laboring man and a poor man to have but little money in the country and low wages. Why, Mr. Speaker, that is adding insult to injury. If the poor laboring man could get profitable employment in hard times so he could procure dollars it would be better for him; but when he seeks in vain for living wages and has to strike or tramp, as tens of thousands of our laborers are doing now, what is the use to mock with the Platonic philosophy that a dollar will purchase more when business is dull than when it is prosperous?

It is a refinement of cruelty to torment a man with the show of pleasures or advantages which cannot be reached. Virgil tells us that the most excruciating torture in hell is that of Tantalus, who is surrounded on all sides by the near presence of the most tempting viands and beverages while he endures perpetual gnawing hunger and unquenchable thirst. Such is the fate of the poor laborer in dull times, with but little money and less employment, when he sees cheap food, clothing, etc., but cannot buy for want of the dollar.

Many, very many other things could be said in favor of unlimited coinage of silver, but it is unnecessary. Let it suffice to say that not only all our national debts, but nearly all our

State, municipal, and private debts likewise have been contracted on the basis of both gold and silver as unlimited legal tender. The people therefore intend to have as free coinage of silver as of gold. There will be no more Presidents of the United States elected without knowing whether they are for or against free coinage of silver. I for one am for paying all debts according to the contract, according to the stipulations in the bond. The holders of our public debt have grown fat and imperious on an exclusive gold diet. They must be treated with a little silver regimen.

It will be decidedly better for their patriotism and moral health generally. It will not do to let them profit more by cruel avarice than even Shylock. He was content with the first stipulation in his bond, while our creditors, whose claims mostly first called for only greenbacks, then changed the basis in 1869 to coin, and attempted in 1873 to convert it into gold alone, still demand gold, although their infamous law of 1873 was repealed in 1878 and silver restored to its ancient privilege. The check of these gold robbers is simply astounding and their cupidity without a parallel.

No, there is one similar case in the range of literature, and it is a remarkable coincidence that the parallel character should have lived in Boston, where the stupendous fraud of demonetizing silver was first conceived and the plot matured and the agents selected for carrying it into effect. The character to which I allude is Tom Walker. Shylock only wanted his pound of flesh as nominated in the bond, but our gold robbers, like Tom Walker, want all the flesh.

You may ask who was Tom Walker? He was a Boston man, who was meaner than the devil, as was proven in this wise: According to Washington Irving, our American Walter Scott, Tom Walker was a Boston usurer who formed a partnership with the devil to discover Captain Kidd's treasure and open a broker's office in Boston on condition that they should divide the profits for a long term of years, at the end of which time Tom was to deliver himself up, heart, body, and soul, to the devil as part of the contract.

Tom had a wonderful run of business and made immense sums of filthy lucre, but some time before the contract expired he was driving such a hard bargain with a poor, helpless debtor that the devil himself got enraged that anyone should be meaner than he was, and in wrathful indignation mounted a big black horse during a dark, howling storm, dashed up to the broker's office, and, snatching Tom by the hair, bore him off to hell.

It is needless, Mr. Speaker, to say that I am as indignant at the treatment of silver as the devil was on that occasion, and that I am for unlimited coinage of silver first, last, and all the time; against President Cleveland, the bondholders, national banks, the world, the flesh, the devil, and Tom Walker. [Laughter and prolonged applause.]

Abram S. Hewitt [N. Y.] opposed the bill.

In the long debate upon the silver question it is admitted by both sides that we are now upon the gold basis. It is a fact that the dollar containing 25.8 grains of gold, which by law is the unit of value, will purchase at its present market value 480 grains of silver. It is also a fact that the standard silver dollar contains only 412½ grains of silver. Hence if we open the mints to the unlimited coinage of silver no man will pay debts with gold dollars worth 480 grains of silver when he can take 412½ grains of silver to pay the debt and have 68½ grains left in his pocket as profit.

The unlimited coinage of silver, therefore, will transfer us from the gold to the silver standard. The business of the country, now adjusted to the gold standard, must readjust itself to the silver standard. As to outstanding contracts not specifically made payable in gold, there will be a transfer of 20 per cent. of capital from the creditors to the debtors. There can now be no justification for such an act of spoliation. Under the stress of a war for national existence such a transfer of property was made by the issue of irredeemable paper money.

And again a similar transfer was made when specie payments were resumed. In both cases the rich were made richer and the poor poorer. But when the silver dollar was demonetized no change in the relations of debtors and creditors was made, because we were not in 1873 upon either a gold or silver basis, but were in the abyss of fiat money. Whether demonetization was accomplished surreptitiously or not, as it was not, no injury was done or could be done to any human being. But now we are paying in gold. Every creditor and every wage-earner who now gets gold will, if this bill pass, get silver worth 20 per cent. less than the present unit of value.

There will be a profit to someone. Who will gain and who will lose? For it is inconceivable that the opening of our mints to the free coinage of silver on the ratio of 16 to 1 of gold will be sufficient to restore the actual value to this ratio. The free coinage of silver in India does not do it; the free coinage of

silver by the Latin union did not preserve the ratio of 15½ to 1. To save their gold they were forced to abandon the free coinage of silver. But on the face of it the proposition is absurd that the possible annual coinage of our mints could materially affect the value of the vast mass of silver in the world, estimated at $6,000,000,000. Who, then, are the debtors who will profit and the creditors who will lose? Are they the rich or the poor?

The banks and capitalists can and do always keep their assets practically on a gold basis. So far as they hold real property or merchandise the rise in value will be immediate and proportioned to the reduction in the standard of value. Only indebtedness for fixed sums, such as mortgage loans, will not rise, because they cannot rise in value. Now this class of property is mainly owned by estates, trust companies, life insurance companies, and savings banks. In the State of New York alone the assets of these corporations exceed $1,000,000,000, upon which the loss will be $200,000,000. The owners of this vast fund are widows, orphans, helpless wards, artisans, laborers, and sewing women. They are largely my constituents. In their behalf I have presented to this House the petition of the savings banks, representing over one hundred thousand depositors, praying that this act of injustice shall not be committed. The proposed change of standard cannot therefore benefit those who have accumulated a fund against old age, sickness, and want.

But if it will deprive them of a part of their savings it will also take away a part of their daily wages. For everything which the laboring man buys, food, clothing, and shelter, will advance at once to conform to the new standard of value, whereas his wages will not advance except by slow steps, spread over a long term of years. The conclusive demonstration of Mr. Walker on this subject has been cited by others, but further evidence is furnished by the condition of affairs in India, where, as is triumphantly asserted by the friends of this bill, prices of the food products, representing the earnings of labor, have not advanced, and hence it is possible for the first time to export them to England, where they are sold for gold, convertible into silver at a premium, which is not added to the wages of labor, or this export trade would cease. The remedy proposed by this bill is the reduction of wages here so as to meet the competition of India. The wage-earner then will be chief sufferer by a change in the standard of value, and the old process by which the fruits of industry are transferred to the capitalists will be repeated under the guise of justice and charity to the poor man.

The truth is that it is possible thus to rob the workman of his earnings and to reduce his wages, but you cannot displace gold from the position which it has won on its own intrinsic merits as the best and least variable standard of value. There is no deficiency of money for the business of the world. It was never so cheap as it is now for acceptable securities, and no increase in its volume can make it plenty for unacceptable securities unless you make it worthless, which I do not understand to be the purpose or the expectation of the friends of silver. But the free coinage of silver will not add to the volume of money. It will only displace a corresponding quantity of other money. Silver has its proper place in the circulation of the world as the chief money of poor countries where the wages of labor are low, but in rich countries, able, as we are, to pay a fair day's wage for a fair day's work, it is useful only as a subsidiary coin to the extent that it is needed in small transactions, but always to be kept at par with gold by certain redemption in gold. This is the present condition of our coinage, and this parity of value can and ought to be maintained, provided we do not coin so much silver that it cannot be redeemed in gold. Otherwise, as the least valuable money, it must drive gold out of circulation.

To maintain this desirable condition of parity in value legislation is needed, but not for the free coinage of silver, nor for the increase in the weight of the dollar. The true policy is to coin as much silver as the people desire to use in the ordinary course of business and no more. Repeal all compulsion to coin any specified amount, but require to be coined, as now, only for the account of the Government, all that shall be called for. There will then never be an excessive issue of silver and never any dead silver capital in the treasury, upon which we lose interest, and one of the most available commodities for export.

This result can be accomplished by the adoption of a brief bill, which I have introduced into every Congress since the passage of the so-called Bland bill, the paternity of which I am glad to see the gentleman from Missouri very properly disowns. This bill I shall offer at the proper time as a substitute for the pending measure. I ask now that it be printed for the information of the House.

Be it enacted, That the gold and silver coins of the United States which are a full legal tender shall hereafter be interchangeable at their lawful value, either for the other, upon the demand of any holder thereof; and it shall be the duty of the Secretary of the Treasury to provide for such interchange, and to cause to be coined such amount of standard silver

dollars as may be found necessary, from time to time, in order to meet the demand for such dollars; and that all provisions of law fixing or limiting the amount to be coined of such standard silver dollars be, and the same are hereby, repealed.

This bill recognizes gold as the unit of value, because its title to this distinction is based upon the eternal fitness of things in the gradual evolution of society from barbarism with rude appliances to the highest civilization, in which only the best tools and the most effective agencies are employed in the varied operations of life.

We are now the richest and most prosperous nation in the world, with larger exchanges of products than any other nation, using and requiring the best instruments of exchange, in railways, steamers, and telegraphs, with which no sane man would dispense; and yet we are seriously asked to give up gold, the best lubricator of commerce, which sets and keeps them all in motion at the least cost, and substitute silver, an inferior and variable standard of value, expensive to handle, uncertain in purchasing power, and fit only in this age of vast development for subsidiary uses, to which happily the law assigns it, and from which it never should be, as it never can be, divorced, even by act of Congress; for if gold is king in the domain of commerce it is king by a divine right in the law of social evolution, which no human agency can arrest or destroy.

The bill was rejected by the House by a vote of 126 yeas to 163 nays.

CHAPTER V

Silver Purchase

Justin H. Morrill [Vt.] Introduces Silver Purchase Bill in the Senate; Referred to Committee on Finance—John P. Jones [Nev.] Introduces from the Committee a Substitute—Debate: John H. Reagan [Tex.], Sen. Jones, John R. McPherson [N. J.], James K. Jones [Ark.], Henry M. Teller [Col.], Richard Coke [Tex.], John Sherman [O.], Preston B. Plumb [Kan.], John J. Ingalls [Kan.], George F. Edmunds [Vt.], William M. Stewart [Nev.], John W. Daniel [Va.], Sen. Morrill, Frank Hiscock [N. Y.], William M. Evarts [N. Y.]; Bill Is Laid Aside for House Bill—This Was Introduced in the House by Edwin H. Conger [Ia.]; Richard P. Bland [Mo.] Moves to Substitute a Free Coinage Bill; Motion Is Defeated, and Conger Bill Is Passed—Debate in the Senate: Sen. Daniel, Edward O. Wolcott [Col.]; Bill Is Amended by Free Coinage Clause, Etc., and Passed; Conference Is Appointed Which Reports New Bill without Free Coinage—Debate: George G. Vest [Mo.], Sen. Sherman, Daniel W. Voorhees [Ind.]; Bill Is Enacted.

DURING the session of 1889-90 separate bills were introduced, one in the Senate and one in the House, authorizing the issue of treasury notes on deposits of silver bullion.

The Senate bill was introduced by Justin S. Morrill [Vt.] on January 28, 1890, and was referred to the Committee on Finance, which on February 25, through John P. Jones [Nev.], reported a substitute measure.

This provided for the monthly purchase of $4,500,000 silver bullion at the market price, not exceeding a dollar for 371¼ grains, and all gold bullion offered, to be paid for in a new issue of treasury notes, redeemable on demand in lawful money (in which case they were to be canceled), and receivable for customs, taxes, and all public dues (in which case they were to be reissued), and lawful as national bank reserves. Sufficient of the bullion purchased was to be coined to redeem the said treas-

ury notes. The act repealed the purchase clause of the act of February 28, 1878.

The bill came up for discussion on March 31.

Silver Purchase

Senate, March 31–July 8, 1890

John H. Reagan [Tex.] opened the debate.

I suppose the bill is intended to relieve the country from the evil effects of the worse than blunder of Congress in suspending the coinage of silver dollars by the act of February 12, 1873. It is a hopeful sign that a Republican Senate should join in this great work, though the remedy proposed may not be the best.

I think it is to be regretted that the committee did not report a bill providing for the free and unlimited coinage of silver the same as of gold.

While this bill provides for a largely increased use of silver it perpetuates the legal discriminations now existing against silver and in favor of gold. It still retains for the Government the exclusive privilege of coining on Government account silver bullion as money, while gold is coined for any private person who may take it to the mints free of charge. And this bill recognizes the idea that there is too much silver produced and that the amount to be put in circulation must be limited by law.

It was not the great amount of the world's products of silver nor the amount of silver in circulation which caused its deterioration in value; for at the date of the passage of our act of Congress in 1873, suspending the coinage of silver dollars, our silver dollars were commanding a premium above gold. The reason for the demonetization of silver was that it would increase the value of gold and of bonds and other evidences of indebtedness, and that it would increase the value of fixed incomes; that it would tend to enrich the creditor classes and those who owned money.

During the last twelve years the United States has produced about 43 per cent. of all the silver produced in the world. A principal effect of the demonetization of silver was greatly to depreciate this vast fund of wealth in its value while reducing the value of all other property to gold prices. The royal commission of Great Britain, in 1886, which was appointed to

investigate the recent changes in the relative values of the precious metals, estimates that the reduction of the prices of commodities generally was about 33 per cent. by demonetizing silver.

The New York *World Almanac* for this year estimates, on the authority of the financial officers of each State and Territory, that the value of the property in the United States is this year $61,459,000,000. If the revolution in prices caused by the degradation of silver has reduced the value of this property by the sum of 33 per cent., it means a loss to the owners of this property of $18,437,700,000.

The wages of labor went down in very nearly the same ratio. And by the depression of business thousands of laboring people in this and other countries were thrown out of employment. And Senators will remember how bankruptcy and financial ruin spread their sickening pall all over this country from 1873 until 1878, and the vast amount of property which, during that time, was sold for taxes, because money was so scarce and dear that a large part of the people could not obtain it to pay either debts or taxes.

Judge Reagan here gave statistics to show that the increase of indebtedness of the country, owing to the 33 per cent. reduction in prices of commodities by the demonetization of silver in 1873, was as follows:

Increase of railroad indebtedness	$1,705,795,069
Increase of national debt	737,379,387
Increase of State, county, and municipal debts	348,672,768
Aggregating	$2,791,847,224

We have no means of determining the amount of other descriptions of corporate indebtedness and of the debts of associations and individuals, the payment of which, like those just mentioned, was influenced and rendered more difficult by the demonetizing of silver. But their aggregate doubtless amounted to more than a thousand million dollars.

Now, let us not forget that this was debt created by law, for which those who have to pay it received no consideration and for which those who received it have not paid anything. It was simply the transfer of that enormous amount of values from one class of our people, without price or consideration, by a bold, bald, audacious, and fraudulent piece of legislation, for the purpose of making the rich richer and the poor of the country

poorer, of making dear money and cheap labor and property.

Will this Senate continue to sanction this great work and outrage and refuse to adopt a partial remedy by restoring our ancient and constitutional currency of silver and gold, without any legal discrimination against silver? I say "partial remedy," because much injustice, much wrong, has already been done by demonetizing silver which can never be remedied.

The reduction of the value of farms, factories, and other kinds of property and labor in this country by the degradation of silver is almost incalculable. This policy has been the cause of the sacrifice of thousands of homes, and has entailed a vast amount of poverty and suffering on the people, for which no action which Congress can take can ever reward them. In the name of justice and humanity let us now by an act of wise statesmanship protect our people against such wrongs in the future.

These percentages of loss may to some extent have been influenced by other causes, such as the increased use of improved machinery and improved facilities for transportation. But I think there can be no doubt that it is mainly due to the efforts of the capitalistic classes to control the financial policy of this and other countries, so as to enrich the few at the expense of the many. The average fall of the prices of various staple commodities from the year 1873, when silver was demonetized by the United States, to the year 1886, as shown by the *American Almanac*, was 43.3 per cent.

The report of Mr. J. R. Dodge, the statistician of the Agricultural Department, for December, 1889, gives the average decrease in the value of corn, wheat, and oats from 1888 to 1889 as 13.57 per cent.

Great Britain has profited by our folly by buying the greater part of our silver bullion at the current London rates of discount and coining it into rupees and using them or the bullion so purchased at par in her trade with India.

The amount of silver produced in the United States, at coinage rates, from 1873 to 1889, inclusive, was $584,145,000. The discount on silver in the London market during the years just named averaged about 15 per cent. If all this had been sold in Great Britain, as the greater part of it was, our loss and her gain would have been $87,621,750 in the single item of discount on silver bullion.

Great as this sacrifice has been to the people of this country and great as the profit growing out of it has been to Great Britain, it is the smallest part of the profit that country has derived from the demonetization of silver.

Capitalists of Great Britain own, and did then own, hundreds of millions of dollars' worth of the interest-bearing bonds of other countries and of the corporations of other countries. They are the owners and holders of a considerable part of the bonds of the United States, of the bonds of the several States, of the bonds of the municipal corporations of this country, and of the bonds of the railroad corporations of this country. The bonds they hold on this and other countries constitute a considerable part of their dividend-paying property. It is to the interest of Great Britain to give these bonds the largest value.

To reduce the volume of the money of the world and the kinds of money out of which they can be paid is to increase the difficulty of paying them, by reducing the value of the property and labor required for their payment. For instance, a million bushels of wheat in 1873, when the average price of wheat was $1.90 cents per bushel, would have paid off $1,900,000 of American indebtedness. While a million bushels in 1886, when wheat was only worth 90¾ cents a bushel, would only have paid off $907,500 of our indebtedness to that country.

So a million pounds of raw cotton in 1873, when its average price per pound was 17 cents, would have paid off $170,000, while a million pounds of cotton in 1886, when it was worth 8 8-9 cents a pound, would only have paid off $88,880 of our debts to Great Britain. Germany has the same kind of an interest in this respect which Great Britain has, only in a less degree, as her people hold a less amount of the bonds of other countries.

The interest of the capitalists of both those countries was to secure the adoption of a financial policy which would make money scarce and dear and property and labor cheap, while, on account of the large indebtedness of the governments, corporations, and people of this country, our true interest was to have had an ample volume of money with good prices for property and labor. And our statesmen and financiers owed it to our people to sustain such a policy instead of weakly or wickedly aiding to carry out the British and Germany policy by demonetizing silver.

The monometallists, the bondholders, most of the bankers and large money-holders, and many of those who have fixed incomes in this and other countries continue their war on silver as money. They are continuing this struggle for dear money and cheap labor and cheap property. It is this that justifies, at this time, my review of the unwise and impolitic demonetization of silver.

This review is also made necessary by the fact that every Administration of the Federal Government from the time of the passage of the Bland-Allison law of 1878, providing for the coinage of not less than two million nor more than four million dollars' worth of silver bullion per month, has been hostile to silver coinage; and each of these Administrations has limited the amount of silver coinage to about the minimum amount prescribed by that law. And the officers of the Treasury Department have all this time used their official positions and influence to degrade silver for the benefit of capital and to the injury of the industry and labor of the country. And in my opinion each of these Administrations and every officer who has so acted ought to be held up to public reprobation for the violation of this great public trust.

The same interests and the same influences which have opposed silver coinage in this country have induced Congress and the Treasury Department, under the third section of the act of Congress of January 14, 1875, "to provide for the resumption of specie payments," and under the twelfth section of the act of June 12, 1882, "to enable national banking associations to extend their corporate existence, and for other purposes," held idly and uselessly in the United States treasury from year to year for ten years $100,000,000 in gold on the pretence that this was necessary to enable the Government to redeem and retire from circulation the outstanding legal-tender (greenback) notes. And this large sum of gold has for years been withheld from circulation and from use in the business and industrial interests of the country in disregard of the provisions of the act of May 31, 1878, "to forbid the further retirement of United States legal-tender notes." The national banks wanted the legal-tender notes retired so that they might supply their place with bank paper, while the bondholders, large money-holders, the creditor class, and those having fixed incomes required the contraction of the volume of circulating money. And their will seems to govern the financial policy of the United States instead of considerations looking to the general good of the public.

We have already paid $40,000,000 for the luxury of keeping $100,000,000 of gold idle in the treasury, to redeem notes which the law requires to be kept in circulation, and, instead of using that hoard to pay $100,000,000 of our public debt and to relieve the people from paying $4,000,000 interest a year, we tax them $4,000,000 a year to keep $100,000,000 of gold out of circulation.

I doubt if there is an intelligent person in the country, outside of the Treasury Department and of the class benefited by

the present financial policy of the Government, who does not know that the people prefer the legal-tender notes to gold. And there is no reason to doubt that, if this $100,000,000 of gold were paid out and put in circulation and the public debt and interest on it reduced by that means, still the legal-tender notes would remain at par with gold.

In this statement I do not forget the relative dates of the acts of Congress of 1875 and 1882 to which I have just referred. But the latter act does not repeal the former, and the retention of that large sum of gold in the treasury is certainly unnecessary for the redemption or for the preservation of the value of the legal-tender notes as currency.

Besides the wrong of keeping this large sum of money out of circulation, I submit that while the Government is collecting a million and a half dollars of revenue a day, even if the legal-tender notes were required to be redeemed, it would not be necessary for it to retain so large a reserve as this. Its position is entirely different from that of a bank, which draws no revenue from the public except the interest on its loans, and its policy, by the rules of common sense, ought also to be different.

Wall street and the Treasury Department recognize silver dollars as a good legal-tender in the payment of public contractors and the officers of the Government and in the payment of the army and navy and pensioners; but this Administration, like its predecessors, assumes that nothing but gold is good enough to pay to the bondholders. In reaching this conclusion it seems to have been convenient for the present and past Administrations to forget that these bonds originally cost the holders of them only about fifty cents in specie on the dollar.

Notwithstanding this fact, they have by the unjust policy of the Government been made its preferred creditors and have been allowed to dictate the financial policy of the Government. And this will continue to be the case until we elect a President who may draw his financial inspirations from the people of this country and from the consideration of what is their interest, and who will not permit Wall street to dictate to him who shall be Secretary of the Treasury.

The Secretary of the Treasury in his late annual report says:

> Every silver dollar coined at the ratio of 16 to 1 (actually 15.98 to 1) is an additional obstacle in the way of the adoption of any practicable ratio by international agreement, which is the only final solution of the silver question.

No one knows better than the Secretary of the Treasury that it is not possible to secure an international agreement as to silver coinage as long as the capitalists of Great Britain and Germany believe they are securing advantage and profit by degrading silver. The Latin union and other governments of Europe will not agree to any arrangement on this subject without the concurrence of Great Britain and Germany. And while the masses of the people of those two governments need and want silver coinage, as our people do, the wealthy and titled classes there control the financial as well as all other questions of public policy.

The capitalists there know as well as we do the advantage they are deriving from the present vicious policy in relation to silver. They will not surrender that advantage until forced to do so by the distress of their own people. The talk here about an international agreement on this subject is no doubt intended to amuse and delude our people and to postpone any action by the Government of the United States for their relief.

I am aware that both the President and the Secretary of the Treasury have used expressions in treating of this question which indicated that the use of silver as money was desirable. But no one can read all they have recently said on the subject without feeling that those expressions were meant to propitiate the general public, while the effect of their policy and recommendations is against the free use of silver as money. They keep up the policy of holding our laws on this subject in abeyance and carry out a financial policy in conflict with them.

I will suggest what seems to me to be a much wiser and better policy on this question than that of the bill, even though this bill is an improvement on the policy of the Administration:

First. I would provide for the free and unlimited coinage of silver the same as of gold, and I would make the silver dollar, like the gold dollar, a unit of value. This would abrogate all legal discriminations against silver and restore it to its former status as money.

Second. I would require the Secretary of the Treasury to use silver as well as gold in the payment of our bonded indebtedness. This would serve the double purpose of giving it use, employment, as money, and it would at the same time put it into the possession of the classes of men who have done so much to degrade it, and who would, when they had become the possessors of it, be interested in giving it full value and character as money. This course would without doubt do much toward restoring it to its par with gold. It would take away the temp-

tation to degrade it. And it would place our Government in the just and logical position of desiring the use of silver as money and of doing justice to our own people by paying other public creditors in the same sort of money with which they pay our soldiers, sailors, pensioners, contractors, and public servants.

Third. I would call in the gold certificates and silver certificates now outstanding and issue in their stead coin certificates, and I would issue like coin certificates and use them at par for the purchase of gold and silver coin and bullion, and for any gold and silver coin or bullion which might come in the treasury, and make these coin certificates redeemable in either gold or silver coin or bullion at the option of the Government; and I would make them receivable for all public dues and taxes, a lawful tender in the payment of all public and private debts, and allow them to be counted as so much of the reserve required to be held by the national banks. In this way I would have the Government hoard as much gold and silver coin and bullion as it could; and by so doing make it the interest of the governments of Europe to accept silver again as money at the customary ratio with gold.

Whatever doubt may be entertained as to the soundness of the opinon of the Supreme Court of the United States in holding that the issue of legal-tender notes of the Government, which rest on the general promise of the Government for redemption, was warranted by the Constitution, it seems to me there could be no difficulty in making coin certificates, which would simply be the representatives of so much gold and silver coin in the treasury, a legal tender. These certificates would be the same as that much coin.

Fourth. I would also issue coin certificates on the $100,000,000 of gold now held in the treasury for the pretended redemption of legal-tender notes, or use the gold as might be thought best along with silver in paying off so much of the public debt and thus relieve the people of that much of the principal and the annual $4,000,000 of interest on that debt.

Fifth. I would provide for the retirement from circulation of all legal-tender and national-bank notes of denominations less than $10 and substitute the small legal-tender notes thus retired by the issuance of legal-tender notes of denominations of $10 and more; and I would issue coin certificates to take their place and to take the place of the national-bank notes of denominations less than $10, and thus by use give value to the coin certificates.

Such a course would enable us to get the full benefit of our

extensive mines of gold and silver. It would give us a steady and reliable currency free from fluctuations, and (with the $346,000,000 of legal-tender notes) of sufficient volume, and it would make our Government the master of its own financial policy and enable it to defy the intrigues of money sharks to use it for selfish, unjust, and unpatriotic purposes.

The coinage of $4,500,000 of silver annually, or its use as bullion upon which to issue treasury notes, as provided by the committee's bill, would still be a recognition of a necessity for fixing a limit to the amount of silver to be used, would preserve the Government monopoly of its coinage, and would leave it subject to fluctuations in price.

The public mind is now ripe for just legislation on this question. The question is better understood than ever before, and it is now before us for consideration. The best interest of our own country and of mankind requires its settlement, not by means of a compromising expedient which may seem to tide over present troubles for a time, not with a view to the promotion of class and selfish interests, but upon sound financial principles, and so as to do justice to all, and so as to make the United States lead the nations of Europe out of the mire of wicked speculation into a condition of financial confidence and prosperity.

On May 12 and 13 John P. Jones [Nev.] delivered one of the exhaustive treatises on the silver question, for which he was noted. He spoke in part as follows:

The measure under consideration was reported by me from the Committee on Finance. It is hardly necessary for me to say, however, that it does not fully reflect my individual views regarding the relation which silver should bear to the monetary circulation of the country or of the world. I am, at all times and in all places, a firm and unwavering advocate of the free and unlimited coinage of silver, not merely for the reason that silver is as ancient and honorable a money metal as gold and equally well adapted for the money use, but for the further reason that, looking at the annual yield from the mines, the entire supply that can come to the mints will at no time be more than is needed to maintain at a steady level the prices of commodities among a constantly increasing population.

In view, however, of the great divergency of views prevailing on the subject, the length of time which it was believed might be consumed in the endeavor to secure that full and

rightful measure of legislation to which the people are entitled, and the possibility that this session of Congress might terminate without affording the country some measure of substantial relief, I was willing, rather than have the country longer subjected to the baleful and benumbing influences set in motion by the demonetization act of 1873, to join with other members of the Finance Committee in reporting the bill under consideration.

Under the circumstances I wish at the outset of the discussion to say that I hold myself free to vote for any amendment that may be offered that may tend to make the bill a more perfect measure of relief and that may be more in consonance with my individual views.

Senator Jones then addressed his remarks to the subject of falling prices. He denied that these were due to the tariff, trusts, speculation, overproduction, etc.

When a fall of prices is found operating, not on one article or class of articles alone, but on the products of all industries; when found to be not confined to any one climate, country, or race of people, but to diffuse itself over the civilized world; when it is found not to be a characteristic of any one year, but to go on progressively for a series of years, it becomes manifest that it does not and can not arise from local, temporary, or subordinate causes, but must have its genesis and development in some principle of universal application.

What, then, is it that produces a general decline of prices in any country? Is it produced by a shrinkage in the volume of money relatively to population and business, which has never yet failed to cause an increase in the value of the money unit and a consequent decrease in the price of the commodities for which such unit is exchanged. If the volume of money in circulation be made to bear a direct and steady ratio to population and business, prices will be maintained at a steady level, and, what is of supreme importance, money in which a large volume of business is conducted on a basis of credit will be kept of unchanging value. With an advancing civilization, extending over long periods, it is of the utmost importance that money, which is the measure of all equities, should be kept unchanging in value through time.

The inventions of the past one hundred years have established a new order of the ages. Under the operation of the new system, the rapidity and intensity with which, within that period, civilization has developed, are due in great part to an

economic feature unknown to ancient civilization and practically unknown even to civilized society until the present century. That feature is the time-contract, by which alone leading minds are enabled to project in advance enterprises of magnitude and moment.

The natural concomitant of such a system of industry is the elaborate system of debt and credit which has grown up with it and is indispensable to it. Any serious enhancement in the value of the unit of money between the time of making a contract or incurring a debt and the date of fulfillment or maturity always works hardship and frequently ruin to the contractor or debtor.

Three-fourths of the business enterprises of this country are conducted on borrowed capital. Three-fourths of the homes and farms that stand in the name of the actual occupants have been bought on time, and a very large proportion of them are mortgaged for the payment of some part of the purchase money.

Under the operation of a shrinkage in the volume of money this enormous mass of borrowers, at the maturity of their respective debts, though nominally paying no more than the amount borrowed, with interest, are, in reality, in the amount of the principal alone, returning a percentage of value greater than they received, more than in equity they contracted to pay and oftentimes more, in substance, than they profited by the loan. To the man of business this percentage in many cases constitutes the difference between success and failure. Thus a shrinkage in the volume of money is the prolific source of bankruptcy and ruin. It is the canker that, unperceived and unsuspected, is eating out the prosperity of our people. By reason of the almost universal inattention to the nature and functions of money this evil is permitted, unobserved, to work widespread ruin and disaster. So subtle is it in its operation that it eludes the vigilance of the most acute. It baffles all foresight and calculation; it sets at naught all industry, all energy, all enterprise.

During a period of falling prices the fear of impending calamity hangs like a pall over the business of the country. Notwithstanding unremitting efforts, men feel themselves constantly on the edge of disaster. Gloomy foreboding and timidity take the place of confidence and courage.

A shrinking volume of money is the most insidious foe with which civilization has to contend.

It is my firm conviction that the inexpressible miseries in-

flicted upon mankind by war, pestilence, and famine have been less cruel, unpitying, and unrelenting than the persistent and remorseless exactions which this inexorable enemy has made upon society. As the volume of money contracts, prices decline, and with the decline of prices come stagnation of industry and the relegation to idleness of thousands of willing workmen. Capitalists become unwilling to invest their money in enterprises that employ labor while the products of that labor are constantly decreasing in price. During all periods of falling prices therefore money capital is withdrawn from active industry and seeks investment in bonds and other forms of money-futures yielding fixed incomes; for, although the rate of interest in many such cases may be low, the capitalist is compensated for this by the enhancement in the purchasing power of each dollar of the principal and by the necessarily greater command it secures over the products of labor.

Avoiding the very purpose for which it was devised, money at such times seeks seclusion and declines to circulate. Its owner finds that he can better afford to leave it idle in a vault or bury it in the earth than subject it to the probability of diminution by investing it in business on a constantly falling market. Thus, contrary to all principles of progress and of natural justice, the man who keeps his money idle and deprives society of its use is rewarded by an unearned increment, while he who puts his money into active business, where industry and labor may profit by it, is punished by unmerited loss.

Under such conditions it is impossible for a community to reach that degree of material progress which, under proper circumstances, it would readily attain. At every turn distress and discouragement stare the people in the face. In every town and village men willing to work stand idle. Even their misfortune does not end with themselves, for not only are they a tax upon their friends, lessening to some extent the meager income of those who give them temporary assistance, but their necessary and eager competition for the little work that offers tends to reduce the compensation of those to whom they are thus indebted. Stores, workshops, and factories, unoccupied and unused, are found in every direction. Crime increases, bankruptcies multiply, and, even though the aggregate of wealth augments, it is unjustly distributed, and is consequently barren of beneficent results.

In view of all these facts, the demonetization of silver by the United States, resulting as it did in a contraction of the lawful currency of the country, must be regarded as one of

those historic blunders that are worse than crimes. It was the child of ignorance and avarice and is already the prolific parent of enforced idleness, poverty, and misery.

It is to undo as far as possible the effects of the blunder of 1873 that new legislation is now imperatively demanded by the people. And what better remedy could be applied than absolutely to reverse that legislation and to put the monetary position of this country back to exactly where it was when that wrong was committed?

The cry for relief appropriately now comes from the farmers, the artisans, and the laboring classes, as well as from the young, the enterprising, the thoughtful, of all classes, who have not inherited wealth, but are hewing out for themselves the rugged path to success. It is they who have had to bear the exactions of the system which has prevailed. It is from the proceeds of their labor that the extortions have been paid. If objection be made that the character of relief proposed is not indorsed in financial circles or by the literary guild or professional political economists that surround them, the sufficient reply is that the world cannot wait for the correction of abuses by those who are profiting by them. In the nature of things, all movements for reform must be initiated by those who cannot lose by the installation of justice.

But there are others besides the laboring masses who are working in the cause of humanity. There are noble, unselfish, and altruistic men in all the countries of civilization, who see the wrong and are indefatigable in their efforts to set it right.

I will read a cable dispatch recently addressed to me by Mr. Henry H. Gibbs, formerly governor of the Bank of England and now president of the Bimetallic League of Great Britain:

London, May 6.—The bimetallist party of the United Kingdom, now including over one hundred members of the House of Commons, attach the greatest value to the debate about to commence in your illustrious Chamber. We fully recognize not only that the support afforded to silver by your legislation during the last twelve years have helped to protect the industrial world from an acute monetary crisis, but also that the debates in Congress have served more than all else to educate our people to recognition of the important issues involved. We believe, also, that the increase and coinage of silver contemplated by Congress will restore, wholly or considerably, your coinage rates, and will thus make international settlement of this complex question comparatively easy. We anticipate further and with much confidence that the advance in the price of silver which must follow your action will stimulate both the export and the other trades of your country, and, while tending to the prosperity of your agricultural classes, will also assist the manufacturing industries of the United Kingdom and the whole body of our wage-earners.

During the debate on the limited coinage bill, not content with abuse of the advocates of the measure, with flimsy criticism of it, and specious arguments against it, its opponents in and out of Congress indulged in diverse prophecies and predictions. They pictured forth the lamentable results that would follow its passage and the direful consequences that would ensue from an increase of the circulating medium of the country. Among the results confidently predicted were the following: that the silver would not circulate at all, and again that it would circulate to the exclusion of gold, which metal, we were informed, would flow out of this country with a velocity and in a volume theretofore unknown; that we should be unable to redeem our paper money in gold; that we should be precipitated into a silver vortex; that an inflation of the currency would follow, which would ruinously raise prices of all commodities and that this inflation would result in an unprecedented contraction. We were charged with forcing upon the public creditors a dollar worth only ninety cents. We were warned that the passage of the bill would indefinitely postpone the refunding of the public debt, and would lower the price and impair the value of our national securities. It was charged that we were setting on foot a new and irrepressible conflict between two great sections of the country, the East and the West. We were charged with uttering a debased coin, with lowering the standard of American credit, with tarnishing the integrity and honor of our country before foreign nations, and with unprecedented moral turpitude in setting an example of flagrant and shameless national dishonesty.

The men of the far West, and of the Pacific slope especially, were the particular targets of this abuse. They were denounced by some as "lunatics," by others as dangerous and unworthy demagogues, because, as was charged, their constituents, if not themselves, were directly interested in the restoration of the ancient right of silver to full recognition as one of the money metals.

These prophecies of disaster were united in by the professors of political economy in all the Eastern colleges, by the President of the United States, by the Secretary of the Treasury, by the leading American newspapers, by the principal public men and journals of Great Britain, if not of all Europe, and, of course, by all bankers, money-lenders, and professional financiers the world over.

And now, Mr. President, how many of all those alarming prognostications by all these distinguished prophets have been

fulfilled? Not one! On the contrary, it is not too much to say that the public credit of the United States is to-day the highest in the world. It does not stand merely in line with that of other first-rate powers; it stands at the head. Our gold, silver, and paper money stand at a parity with each other. If a full measure of relief was not realized by the passage of that bill it is because the coinage of $4,000,000 a month was left optional with the Secretary of the Treasury, instead of being made mandatory on him.

But it is hardly necessary to assert that the predicted inflation of prices has not been observed as a consequence of the coinage of $2,000,000 a month. While the issuance of that amount has not, with our rapidly increasing population and wealth, been sufficient to arrest the downward tendency of prices, it has undoubtedly prevented them from falling much lower. Without that coinage, we should have had industrial depression, chronic and somber, with consequences of untold disaster.

But the result which gave most apprehension to those who advocated the gold standard, the evil which they regarded as on the whole the most threatening and direful of all the evils that were to result from even so small an increase in the money volume as that bill provided for, was the outflow of gold. They ridiculously underestimated the tremendous money-absorbing power of this great country. And, as if to emphasize to all the world the complete absurdity of their alleged fears, this apprehension has been conspicuously and notoriously set at naught by the constant inflow of gold. On November 1, 1889, the amount of gold in circulation and in the treasury was $689,000,000.

While the act of 1878 did not bring all silver to a parity with gold, since it limited the coinage of silver dollars while the coinage of gold dollars remained unlimited, nevertheless it is a significant fact that every silver dollar that has been coined under that act is at a parity with gold and will to-day buy as much of all the objects of human desire as will the gold dollar. Nay, more, silver bullion—disparaged and discredited as it is by being shorn of the money function and denied access to the mints, instead of decreasing in purchasing power, has maintained so steady a relation to commodities that 412½ grains of uncoined silver will exchange for as much to-day as would the coined dollar, whether of silver or gold, in 1873, when the full money function attached equally to both metals. If this be true, what an utter perversion of terms it is to say that silver has fallen in value!

If proof were needed that it is gold which has risen in value, it is to be found in the coincident fact of a decrease of rates of interest on first-class securities. That decrease has kept even step and pace with the rise in the value of money.

The rise in the value of gold, as shown by comparison with large numbers of articles of commerce, has been between 35 and 40 per cent. The rate of interest on gilt-edged securities shows a corresponding decline. But unfortunately for the struggling people of the country the fall in the rate of interest on farm mortgages and on property remote from money centers has been nothing like so great as this, nor has it been so great as the fall in the price of agricultural lands and in the products of labor.

I hold, therefore, that a new axiom should be added to the science of political economy, namely, that as the purchasing power of money increases its income-producing power decreases and in about the same ratio, and, conversely, when the purchasing power of money decreases its income-producing power increases. In other words, when prices rise interest rises; when prices fall interest falls. When money is increasing in volume and decreasing in value, prices rise, and its investment in productive enterprises becomes more profitable, and as a consequence interest rises. When it is decreasing in volume and consequently increasing in value, prices fall, investment in property and productive enterprises becomes precarious and unprofitable, and, as a consequence, it avoids them, and seeks investment in bonds and gilt-edged securities, aptly termed "money futures," which for years have been increasing and continue to increase.

The apparent is not always the real. Nothing seems more warranted by the evidence of our senses than the earth is a stationary object, while the sun revolves around it. For thousands of years the world was convinced of the truth of the geocentric theory of the universe. Even yet so ever-present is this impression, derived from ocular demonstration, that in spite of the declarations of science we speak of the "rising" and of the "setting" of the sun. In the same way we speak of the rise or fall in the value of commodities, without being particular to note whether the change that has taken place is strictly a change in the value of the article itself or a change in the money with which its value is measured.

Now our gold-standard men refuse to look at anything beyond the two things, gold and silver, to see what has happened, and, when it is finally demonstrated that all other things retain

their former relations to silver, still persist that the law which makes gold an unchanging standard of measure is more immutable than that which holds the stars in their courses. If they will compare gold and silver with commodities in general, to see how the metals have maintained their relations, not each to the other, but to all other things, they will find that, instead of a fall having taken place in the value of silver, the change that has really taken place is a rise in the value of both gold and silver, the rise in silver being relatively slight while that of gold has been ruinously great. And those who do not shut their eyes to the truth must see that that change of relation between the metals has been effected by depriving silver of its legal-tender function. The only thing that has prevented a greater divergency between the metals is the limited coinage by the United States.

In 1873 it required 224 grains of silver to buy a bushel of corn; to-day only 209 grains of silver are required to buy the same quantity.

In 1873 a pound of cotton could not be had for less than 77½ grains of silver; to-day the same pound of cotton can be bought for 61 grains of silver.

In 1873 96 grains of silver were required to buy one dozen eggs; to-day only 76 grains of silver are required to buy the same quantity of eggs.

These comparisons might be continued with the same results as to a great majority of the articles which enter into general use.

In relation to what, then, is it that silver has fallen? As it has not fallen in relation to commodities, there remains but one thing in relation to which it can be said to have fallen, and that one thing is gold. The phrase "the fall of silver" is the ingenious and cunning invention by which it is sought to cast on that metal the discredit of depreciation rather than subject gold to the suspicion of any change whatever. The term to correctly describe what has taken place would be "the rise of gold"; but that term is scrupulously avoided, as implying that gold does not remain immovably fixed. That gold has risen, however, admits of no doubt, except to those who willfully shut their eyes to facts of common observation. The true test of the increasing or decreasing value of any one thing is not to compare it with any other one thing, but with a large range of commodities generally dealt in. It is not of so much importance to know how much gold can be bought with a given amount of silver as it is to know how much bread, how much meat, and how much clothing

can be bought, and how much of all the things that are necessary to the comfort and well-being of the people can be bought with that amount of silver.

A bushel of wheat that, according to the figures of the Bureau of Statistics, cost $1.14 in gold or silver in 1873, and which still commands $1.12 in silver bullion, will to-day bring only 87 cents in gold.

A pound of cotton that in 1873 cost the purchaser, in gold or silver, 16 cents, and which still commands 13 cents in silver bullion, will bring only 10 cents in gold.

A barrel of flour which in 1873 cost the purchaser $6.60 in gold or silver, and which to-day commands $6.02 in silver bullion, will bring but $4.70 in gold.

Notwithstanding that 412½ grains of uncoined silver will to-day buy as much of the leading articles of commerce as the coined gold dollar would buy in 1873, yet the advocates of the gold standard characterize it as a 72-cent dollar. Then the gold dollar of 1873 was a 72-cent dollar. May not the debtors denounce the gold dollar of to-day as a 140-cent dollar?

The creditors and their friends glibly insist that all obligations must be paid in "the best money." This is the delicate and plausible euphemism resorted to in order to gloss over and, if possible, hide from the world the odious and repulsive fact that what the creditors always want is the *dearest* money, the money that costs the people the most sweat and toil to obtain and which, as time passes, grows dearer and dearer.

This cry for "the best money" is at last beginning to be recognized for what it is: the cunning device of creditors to "catch the conscience" of the people and play upon the sense of fairness that characterizes the great mass of mankind.

According to all fair canons of construction the best money should be and is a money of unchanging value, a money that exacts from the debtor the same amount of sacrifice that he bargained for, and which is all that the creditor is equitably entitled to receive. In other words, the money of the contract, not a money whose exactions are increasing at the rate of 2 per cent. per annum. As McCulloch says, debts being stated in dollars and cents, it is not possible for the creditor openly to augment his debtor's obligation by changing the figures of the debt.

But, Mr. President, while they cannot change the figures of the debt, they are enabled, by a crafty manipulation of the money volume, to do that which, to the debtor, means the same thing.

The principle that lies at the very foundation of the science

of money is that the value of each unit of money in any country at any given time depends on the whole number of units in circulation in that country. The larger the number of units out, population remaining the same, the less must be the value of each unit; the smaller the number of units out, population remaining the same, the greater the value of each.

Notwithstanding the variance sometimes found between the premises and the conclusions of economic writers, there is no economist of repute who does not admit this to be a fundamental principle.

On the theory I have propounded, 3½ per cent. of $1,700,000,000, or $56,000,000, is the minimum amount of money that should be added to the currency of this country during the present year, there being an estimated increase of this percentage in the population.

The true money standard of any country is not the material of which the money is made. The standard is not a concrete object, but a numerical relation. It is the relation between the number of units composing the monetary circulation of the country and the numbers of the population.

It is the legal-tender function that constitutes money. It is the power which the law imparts to any material to pay debts and liquidate obligations. It cannot for a moment be doubted that the money function, being conferred by the supreme authority, is the all-sufficient guaranty of the money value. There is no necessity for reënforcing that value with any inferior value that may attach to the material on which the money stamp is placed. The money function is immeasurably the most important that can be conferred by society upon any material, and it is absurd to urge that that function is not of itself sufficient for the maintenance of the value of money. All the value that money can possibly have—the totality of value that can exist in the shape of money in any country—will attach to anything upon which the sovereign authority stamps it, whether the material on which the stamp is placed be gold, silver, paper, or anything else. Legislators or executive officers of the Government, by increasing or decreasing the volume of money, correspondingly decrease or increase the value of each unit of that money; for, no matter how many or how few the units may be, the total value of the money of the country will be comprised within the total number of those units. A change in the number of units effects a proportionate change in the value of each unit, and, whatever the value of the unit may be, it is of the utmost importance that that value should remain undisturbed.

It is absurd to maintain that a gold unit, which, as time goes on, is constantly increasing in purchasing power, is a better unit than a unit of any other material that maintains unchanging value through time.

Whenever the business of the country accommodates itself to a given number of units, the only question for the Government to deal with is to maintain that value as free from disturbance as possible; and according to all authorities on political economy that can only be done by increasing or decreasing the number of units in circulation in accordance with the demands of increasing or decreasing population.

If it be admitted that one of the most important offices of government is to see that the equities are preserved between its citizens, then it cannot be denied that it is one of the highest offices of government to see that money, which measures all equities and which must for all time continue to be the principal measure in the service of civilized society, shall be of unchanging value. It is impossible to secure this characteristic of uniformity in the value of money if we are to select as the only material on which to stamp the money function a substance whose yearly production is becoming more and more limited and the prospect of whose sufficient yield becomes less and less encouraging.

If the diminution of the volume of money increases the value of the money unit—which is but another form of stating that it lowers prices and produces stagnation, distress, and discontent—what good reason can be offered by the advocates of the gold standard for confining the business of this rapidly growing country to a basis of gold, when it is well known that the entire stocks of gold and silver together are now insufficient to serve the purpose of the world's money and have to be supplemented and reënforced by large issues of paper notes? Do they not reflect that the production of gold is constantly diminishing and is likely to continue to diminish? And do they not know that our population is growing at the rate of over 3 per cent. per annum and will double in thirty years? To be sure, if we are to take no note of prices, the question is a simple one.

But prices must be taken into account. The entire money question is one of prices. When it is said that money is scarce, what is meant is that business is depressed and that money is difficult to get at the present range of prices. Should prices fall 25 per cent. money would be found plentiful enough to conduct exchange at the lower range. But when prices fall goods sell below cost, business is unprofitable, workshops are closed, and

men are thrown into idleness. If lowering prices do not affect injuriously either the business or the prosperity of the country, then it makes no difference what the volume of money may be; a small amount will meet the requirements as well as a large amount. In that case, the gold standard is as good as any.

But, if gold alone is sufficient to bear all the enormous monetary burdens of the Western world, why do the advocates of the gold standard admit the necessity for any more circulation? To be logical, instead of favoring an increase of credit money, which has always lurking within it an element of danger to the business of the community, they should demand the retirement of the $347,000,000 of greenbacks and the $350,000,000 of coined silver, and base the business of the country exclusively on what they call "honest money." If that should be done all that could happen would be a fall in prices. Judging by the experience of the past it would not be surprising if the next move of the gold-standard men would be an agitation for the retirement and cancellation of the greenbacks. Such a movement is fully in harmony with the opinions of the gold-standard advocates for the past twenty years. Indeed, the Secretary of the Treasury, who took charge of the finances at the opening of the last Administration, himself a banker, recommended the demonetization of the greenbacks almost as vigorously as he opposed silver.

HENRY W. BLAIR [N. H.].—Does the Senator mean to be understood that the falling of prices is an absolute demonstration of the increased value of the money without limitation?

SENATOR JONES.—When a fall in prices is brought about by a larger subordination of the forces of nature to the uses of man, as where the comforts and conveniences of life could be produced with less sacrifice than before, it is not an injury to society, but an advantage. In other words, if, by a certain amount of sacrifice seventeen years ago, only one pair of shoes could be produced and if by the same sacrifice two pairs could be now produced, there would be a lowering of the price of shoes to about one-half of what it was seventeen years ago, which would be a very great benefaction to mankind.

When prices fall owing to improvements in manufacture, business revives, the masses of the people are at work, those who toil find themselves possessed of more of the comforts, of the conveniences, and even of the luxuries of life than before. They are better contented with their condition and more buoyant and hopeful than before. On such occasions money becomes more and more in demand than it was before, and instead of

being hoarded is put into active and productive business where it will make a profit. But when interest falls, *pari passu*,[1] with the fall of prices, it shows that the fall of prices is not due, except in the smallest degree, to improved methods of production, but to the increased value of money.

SENATOR BLAIR.—Is it possible that some of the fall in prices in this country may be owing to the protective tariff?

SENATOR JONES.—The first effect of the tariff certainly always must be to raise prices. But, if you have a proper volume of money, you set all your people at work and at a variety of occupations. When all men are employed at their aptitudes new inventions multiply, progress is accelerated, and the secrets of nature are more rapidly unfolded.

JOHN R. MCPHERSON [N. J.].—Granted that there will be an increase of silver coinage in this country produced by the free coinage of silver, I want to ask the Senator if he asserts that no gold can be driven out of the country to a greater extent than dollar for dollar for the silver that comes in?

SENATOR JONES.—Absolutely; I say so.

SENATOR MCPHERSON.—Will the moneyed men of this country, holding $500,000,000 of gold, with a certainty of the free coinage of silver and going to a silver basis with 72-cent dollars —for that is what it means—put their gold in circulation, or will they hoard it? Will it disappear?

SENATOR JONES.—I scarcely know what the Senator means by a "silver basis." He talks about a 72-cent dollar. We have never seen a 72-cent dollar. The papers in the East have told us that the silver dollar was worth 72 cents. I recollect talking on that subject once with some Senators in the cloak room. During the conversation one of the Senate pages brought me a telegram, on which he said the telegraph messenger had told him there were 50 cents due. I gave the page a silver dollar and said to him: "I have been informed by some very respectable and intellectual gentlemen in here, some of them candidates for the presidency even, that this dollar is worth only 75 cents. I do not want to cheat a little boy. Take this out, and if the boy thinks it worth only 75 cents he can send me back 25 cents, and if he thinks it is worth a dollar he can send me back 50 cents. I will leave it to him." The page brought back 50 cents and said the telegraph boy told him he did not know what those old "duffers" in there might say, but it was as good a dollar as he wanted and was very hard to get. [Laughter.]

[1] "With equal step."

The Senator talks about the bullion value as though that had anything whatever to do with the value of the dollar. I have attempted to demonstrate that the material that was in the dollar has nothing whatever to do with it.

All we have to do is to take up the little "slack" of silver, and all of it will at once be at par with gold; then we shall hear no more about the "commodity value" of silver.

GEORGE HEARST [Cal.].—It will be $1.29.

SENATOR JONES.—It will be $1.29 the very moment you give it back its ancient right of coinage and restore to it its full money power. You coin of gold all that is brought to the mint and you deny to a certain portion of silver that same long-established privilege, and then you measure the value of the whole supply of silver by that of the little fraction that is not coined, and which therefore has to find a market as a commodity.

SENATOR MCPHERSON.—Then, if the Senator will permit me, he necessarily proposes that the Government of the United States shall take up all this "slack," as he calls it, in the surplus quantity of silver and shall use it in the coinage. The mints of Europe being closed against the coinage of silver, there is no other place where it will be coined. Now, if the Government of the United States should use all the surplus silver in the country, which has simply forced the price down since we remonetized silver in 1878 more than 20 per cent.——

SENATOR JONES.—Gold has risen 35 per cent.

SENATOR MCPHERSON.—Then I think the Senator's argument is upon this idea and upon this plan, that after we are upon a silver basis, as we should be most assuredly, there would be no inequality in the money, because it would be all silver.

SENATOR JONES.—And no inequality between it and gold.

SENATOR MCPHERSON.—Certainly not, because there would be no gold in circulation. But let me ask the Senator another question. While he can use his short-legged silver dollar for the payment of debts, when he comes to make a new obligation would not the price of the goods assume a price equal to the difference between gold and silver? In other words, while you can use a debased currency for the payment of debts, if a legislative decree requires that you shall accept it, you cannot use it for any other purpose.

SENATOR JONES.—We have not provided any "short-legged" dollar. The Senator is assuming a good many facts and attempting to adjust me to them. For example, the Senator tells us that gold is to disappear from circulation. What will the owners do with it? Where and in what are they going to invest it?

SENATOR MCPHERSON.—It will be held for a premium.

SENATOR JONES.—But who will buy it at a premium? For what purpose is it needed? Nobody is "short" on it, and there is no law which forces anybody to have it. It is only worth what is daily paid in the markets of the world. It is a bogy with which to frighten the people who demand reform in the currency of this country. Let them withdraw their gold.

I tell the Senator it is not the men who hoard the gold in vaults who maintain or promote the prosperity of this country, but the toilers in the wheat fields and on the farms of the country, the men who work in the planing mills, the forges, the furnaces, the factories, and in all our institutions of industry. It is they that bring us our prosperity, and not these people who are gambling for premiums on gold.

Let them gamble among themselves; let who lose and let who win, the people care nothing. The people of the United States are going to institute a money that shall install and maintain justice as between the citizens of this country, and they will not be impeded. I can tell the Senator that neither his party nor the Republican party will ever impede the march that this great country is about to make—the first in the world, I am glad to say—in adjusting to the demands of industry and commerce that great instrument, money, the non-adjustment of which, as I have already stated, has, in my belief, caused more misery than was ever caused by war, pestilence, and famine.

I predict that the restoration of silver to its birthright, Mr. President, will mark an epoch in the history of this country. It will place in circulation an amount of money commensurate with our increasing population. It will give assurance to our languishing industries that the volume of our circulating medium is not to continue shrinking and that the tendency of prices shall no longer be downward. It will increase the wages of labor and the prices of the products of labor; it will reduce the price of bonds and other forms of money futures, it will lighten, but not inequitably, the burden of mortgages; it will increase largely, though not unjustly, the debt-paying and tax-paying power of the people. It will loosen the grasp of the creditor from the throat of the debtor.

By the remonetization of silver, money will cease to be the object of commerce and will again become its beneficent instrument, activity will replace stagnation, movement will supplant inertia, courage will banish fear, confidence will dispel doubt, hope will supersede despair.

The lifting up of silver to its rightful plane by the side of

gold will set in motion all the latent energies of the people. It will banish involuntary idleness by putting every willing man to work. It will revive business and reanimate the heart and hope of the masses. Capital, no longer fearing a fall in prices, will turn into productive avenues. The hoards of money lying idle in the bank vaults will come out to bless and enrich alike their owners and the community at large; while the millions of dollars now invested at low interest in gilt-edged securities will seek more profitable investment in the busy field of industry, where they will be utilized in the payment of wages and the consequent dissemination of comfort and happiness among the people.

And this it will accomplish not for the United States alone, but for civilization. For it is not too much to say, Mr. President that upon the decision of this question depend consequences more momentous than upon that of any other question of public policy within the memory of this generation. In a broader sense than any other question attracting the general attention of mankind it is a question of civilization. It embodies the hopes and aspirations of our race.

The act of Congress which shall happily solve it will constitute a decree of emancipation as veritable as any that ever freed serf from thralldom, but more universal in its application. It will proclaim the freedom of the white race the world over, it will lift the bowed head of labor, it will hush the threnody of toil. It will inaugurate the true renaissance, a renaissance of *prosperity*, without which industry, learning, science, literature, art, are but as apples of Sodom. [Applause in the galleries.]

On May 13 James K. Jones [Ark.] opposed the bill.

The purchase of $4,500,000 worth of silver per month may, and I think will, consume the world's surplus of silver. If so, then bullion will rapidly rise in value after the passage of this act, and may soon reach the point at which the Government will, under the operation of the law, be required to suspend its purchases. What will then be the condition? Silver bullion will remain at that price; for the moment it falls a shade below one dollar for 371¼ grains of pure silver the Government becomes at once a purchaser and a large one, sending the price up again. We will then have as the net result of our legislation a great increase in the value of silver bullion as a commodity simply, but its demonetization, both as coin and as a basis for paper, will be complete and absolute.

The efforts which have been so persistently made for ten years past, but which have utterly failed when directly and openly made, will have succeeded by indirection, and this bill, which has been understood to be a silver measure, will have completed the destruction of silver as money. The great demand among the people for more money, for silver money, will have been treated with contempt, and we will have practically declared that when the mine owners have been cared for all has been done that needed to be done. If this bill is not a willfully false pretence intended by its friends as a trick to deceive the public they should amend it before pressing it further by at least providing for the unlimited coinage of silver whenever the price reaches the point at which the Government ceases to be a purchaser. This is an absolute necessity unless the purpose is to destroy silver as money.

The deliberate purpose to discredit the treasury notes provided for by the bill by refusing to make them a legal tender in the payment of debts further suggests that the real purpose had in view by the Republican caucus was that indicated above. I am in favor of the issue of certificates for coin and bullion deposited and of conferring upon these the qualities of legal tender as broadly and completely as they are conferred upon the coin they represent. There is no reason why these certificates should be in any sense inferior to any other form of paper money. The "greenback" money is a mere promise of the Government to pay, while these certificates are a promise to pay, and are also backed, each dollar of them, by a coin dollar which the honor and faith of the Government are pledged to safely keep for the sole purpose of their redemption. This is, then, the very best form of paper money, as it is rendered doubly secure by the pledged faith of the Government and the deposit of coin, dollar for dollar, which is devoted to its redemption. The Government of France, which has been considered a marvel of success in financial management, although they have 20,000,000 fewer people than we have, has a much larger volume of paper money as well as of gold and silver in circulation. To increase our volume of money cannot fail to bring a measure of relief to our overburdened people.

The amendment proposed by the Senator from Colorado [Henry M. Teller] provides for the unlimited deposit of silver and the issue thereon of full legal-tender certificates.

I shall heartily support this proposition because it provides for the restoration of silver to its legitimate function as money and provides for the issue of certificates which are not dis-

credited by the Government. The enactment of this amendment into law will bring a decided measure of relief to the people; it will not only stop the exactions caused by the increasing value of gold, but it will in some measure relieve the pressure caused by the already greatly increased value of that metal. It will relieve the overburdened and tax-ridden masses of the country of one of the burdens which have brought them to their present condition, and it will, I hope, serve to stimulate and encourage them to free themselves from its great twin iniquity.

The result of the course pursued upon each of these questions (silver and tariff) by the Republican party is the same; the one is the complement of the other and, taken together, they make the most insidious, adroit, and effective system of legalized robbery ever evolved from the brain of man; and both have been enacted and upheld upon the abominable theory that it was the duty of the Government to so frame its economic laws that the great body of the people should be compelled to contribute to the prosperity of the favored classes; and if the majority of its leaders dared they would openly and avowedly in the interest of those whose servants they are continue the same policy, as the Secretary of the Treasury evidently wishes to do. But those who come from the West know too well the real condition of the people to doubt that there must be a relaxation.

That the leaders of the Republican party feel their danger this effort to cajole the masses illustrates and every one knows. They are attempting to strengthen their hold on power by every device that political chicanery can devise. Standing in mortal dread of having the House of Representatives swept from their grasp and the Presidency pass into Democratic hands, they have been giving their earnest attention to strengthening their hold upon this body, because as long as they can control one body they can serve their masters by preventing any legislation upon silver or anything else in the interest of the great mass of the people.

Since 1873 the Republican party as a party has set its face like a flint against silver, just as steadily and persistently as it has championed the tariff, and for exactly the same purpose. It is true that in 1878 there was a temporary deviation from this rule, but that was the result of individual action and was against the general party policy and resulted from a wholesome dread of a thoroughly aroused public opinion.

"The ox knoweth his owner and the ass his master's crib," and those who have had their private fortunes swelled by the

unequal operation of unjust laws have in turn had the "fat fried" out of them to secure Republican success, and as a reward have dictated the course of economic legislation, including silver.

It requires no argument to show that if one-half of a nation's money is destroyed the other half becomes at once much more valuable. So we see how by these changes the conspirators were steadily increasing the value of their bonds, increasing the debt of the people, for which increase the people received no sort of equivalent. For seventeen years these men have reaped the harvest of this change in the value of money, and now suddenly, almost as the light shone around Saul on the way to Damascus, we find the Republican caucus bringing in a so-called silver bill.

Those who advocate silver money may well suspect the sincerity of these sudden converts, and it behooves us to look narrowly into this bill and see whether it is what it purports to be. That inspection, I submit, has shown what a miserable fraud has been offered to the country, and, under false pretences, to tide over a party emergency. Whatever may be said of the statesmanship and morals of Republican methods, there can be no doubt of the shrewdness and craft of the leaders of that party, as well as of monopolists whom they serve. No effort calculated to turn aside or allay the threatened storm will be untried.

There is a most extraordinary spirit of unrest pervading the entire people. The farmers, that class which in all the great North and West has uncomplainingly borne the burdens of tariff taxation, have borne the increase of their burdens made by demonetization of silver, relying with uncomplaining and unshaken faith on the assurance of their political leaders that their hardships would soon pass away and great prosperity would be sure to come to them, as it had to the manufacturers. These are at last driven to the wall. The mortgages can not be met. Instead of getting better it is growing constantly worse, and they have at last stopped and demanded an accounting.

The old platitudes about the sole purpose of the Republican policy being to raise the wages of the workingmen will not any longer serve their purpose, but a substantial, real change must be made or trouble is ahead.

In the West the demand for making silver money is strong. The silver mine owners, the great silver producers, demand it because it will increase the value of their product. The people

wish it because they feel the need for more money, and they know silver to be a safe and valuable metal for money.

Now, the policy of the Republican leaders seems to be to satisfy the silver mine owners and attach them firmly to the interests of the monopolists, and by making some show of meeting the wishes of the people to quiet them and at the same time not to disturb the bondholders of the East, whose servants they are.

If the Republican caucus should have the power to compel those who come from the great West to vote for this bill, there will be such a reckoning then as has never been seen before. But they will not dare to do it. I have no doubt they have agreed to do it, with one exception. I have no doubt that, with one exception, they would be glad to do it if they dared. But they will not dare, and when the roll is called, with a lively sense of the reckoning to come, they will cast their votes against this bill and for the free coinage of silver. Such is the power of the people when they are aroused.

The storm is rising, the mutterings of the thunder are heard on every hand, and when the crush and roar and flood have passed the political atmosphere will be purified and clear as it has not been since it was polluted by the passion and pestilence of war. This handful of beneficiaries of unjust legislation have heard the mutterings of discontent before; by shrewdly dividing their opponents they have avoided a crisis again and again. At other times by using false issues they have succeeded in diverting the minds of those they plundered from their own condition to that of other people of whose wretched and deplorable condition they were told. These tricks become weaker by each repetition, and they have, I hope, lost their power.

"In union there is strength" is as true of individuals and classes as it is of States. Almost all classes and callings are organized, and have been for years. Hence I have felt a great interest in each movement in this direction. It is impossible to organize a conservative class like farmers until an emergency has arisen. Many thoughtful and far-seeing men appreciate evils, and desire to organize for their resistance before the great mass feel the necessity for it; but the body of the people, and especially farmers, move slowly.

The Republican party, which has always had cause to dread an awakening among the masses to the fact that they have been steadily robbed under the forms of law for a quarter of a century, have been active in inducing every such movement to

destroy itself by attempting the organization of a new political party, instead of allying itself with the natural enemy of Republican methods, and the only enemy that that party fears, the great Democratic party.

When the Grange movement began there was a wide field for usefulness for it, but it failed in the accomplishment of its full purpose from a combination of causes. Local organizations of a similar kind have sprung up in many localities since, showing the growth of the conviction that something must be done.

It is perfectly natural that any new movement of this kind falling into inexperienced hands should make mistakes. It is natural, too, that demagogues should attempt to associate themselves with every such movement, and try to turn it to their own selfish uses.

I hope that the farmers will keep clear of party politics and avoid seductions of demagogues, and that their leaders will keep steadily on in the great purpose of educating them to a correct understanding and appreciation of the difficulties under which they labor, and to a patient and careful investigation of the causes of their trouble. That with a broad and catholic spirit of toleration they will permit the widest range of honest differences of opinion, feeling confident that after free discussion and a full understanding the truth will prevail.

Without undertaking to control the votes of anybody, if they will only bring out the truth clear and strong, their members will generally vote in the direction of their own interest, and for that party and those men who are advocating those principles most consonant with liberty and good government. There are but two great parties; one or the other will control the country, and that party whose principles of government are most in accord with the principles of justice and right ought to be supported.

When the present great movement takes this line of procedure and closely adheres to it, whether called the Grange, the Wheel, or the Alliance, its results will be marvelous, and the good it will do the cause of the farmers, good government, and freedom will be incalculable.

Millions of intelligent American farmers are now taking this course, organized and unorganized, and they will, as I firmly believe, be soon felt as a power for good.

To them and to their influence I look for a return to the principles upon which our Revolutionary fathers launched this experiment of government.

This silver movement, as I said in the beginning, is significant. It shows to what extremities the Republican leaders consider themselves driven when they deem it necessary to make terms with the producers of silver and at the same time make an effort to placate the masses by making a show of issuing treasury notes, although of a discredited class. It demonstrates a most wonderful trepidation on the part of the protected classes.

It seems they have not faith now in the efficacy of the "bloody shirt" to pull them through the next election. They doubt their ability to deceive and divide their opponents in the present struggle. I have already shown that the Republican is a minority party. For years they maintained power only by deceiving and dividing those opposed to them.

If any reform ever comes it must come through the Democratic party, and the Republicans know this. By all sorts of promises and false pretences they will collect to themselves every class they can. But a favorite method is, when they find that they can not control any particular class, to prevent their going to the support of the Democracy. They know if they can get them to throw away their votes that it will help them.

If the 300,000 votes cast for General James B. Weaver had been added to General Hancock's number, his vote would have exceeded Garfield's by more than 300,000 votes and would have changed Garfield's plurality of 7,000 into a minority of over 300,000. Then the policy of the Republican party will be, first, by false pretences to capture the farmer movement, and, failing in this, to urge them to organize a party of their own, and by all means to keep away from the Democratic party, the only power they fear. If they succeed in this, the present oppressive system of taxation will continue indefinitely and no relief will be had.

This farmers' movement is the cause of this pretence of a reformation of your silver policy.

They are speaking to you in no uncertain tones, and if you can not divert them by some sort of flank movement you know your days are numbered.

It is admitted now on all hands that the agricultural classes of the country are in a very depressed condition financially, although all predictions that such would be the case and all statements that this was the inevitable result of the economic policy of the Republican party have always heretofore been stoutly denied. The situation is such now that for the first

time no man can be found who will deny its gravity. The farms of New England, the site and home of the protected industries, are abandoned, tenantless, and can be bought for nominal prices.

The farms of the great West, "the growing and prosperous West," as it has been the habit to call it, are mortgaged and the farmers are looking anxiously for relief, and are beginning to fear it is never to come, while the South, where the cotton crop of the world is produced, is in little better condition. This state of things has not grown up, like Jonah's gourd, in a night; it has not come suddenly nor is it local; but this condition is widespread, touching every farm in the land. This condition is not inherent, for it was not always so; it is not a natural condition, for with a rich soil, strong arms, hopeful hearts, and intelligent minds, this should not be.

Unnatural conditions have causes, but are never brought by agencies other than human.

The change that has come over the condition of the country homes in this nation in thirty years is inconceivable to one who has not seen and felt it. In 1860 we were a nation of free, happy, and independent people. Peace and plenty were to be found in every house. Enter the humblest home anywhere, East or West, North or South, and while you might find no luxury you would find comfort and cheerfulness everywhere. While the clothing of the family and the food might have been the plainest, there was nothing in either to bring a blush to the cheek nor any sense of mortification or humiliation to the family. But how is it to-day?

I know from personal observation that men and women, noble, honorable people, shrink from having neighbors and friends at their tables at times because they are unwilling to have others know how hard they live. This is not from parsimony or greed, but from an honest, heroic fight to stay the mortgage to save their homes. Inquire about the people and you will find that from year's end to year's end, from the early dawn to dark, in heat and cold, in all sorts of weather, they are straining every power of both mind and body to make good crops, while they economize in the most rigid manner, deny themselves and wives and children necessaries of life, struggling to get out of debt. No eight-hour law with them, but often sixteen hours' hard toil per day, and yet with all this year after year finds them more and more hopelessly involved.

The route to relief is as clear as the noonday sun. It is as simple as it is natural. It is simply to repeal the laws

that have caused the present condition. Reverse the engine; go the other way. Stop screwing the vise and unscrew it. Untried expedients will not reach the evil. No action by the Government can give relief except to stop the robbery that has brought the trouble on. Allow the robbery to continue and all the schemes for the Government lending money to the people on real estate or on crops that have ever been dreamed of can not do any good, for the robbery will consume the money borrowed just as it has consumed the labor of a lifetime.

On May 14 and 15 Henry M. Teller [Col.] supported his amendment providing for free coinage of silver and the full legal-tender quality of silver coin and silver certificates.

If silver is not to be used as money, I have but little interest in the advancement of the price of silver.

The people of the State that I represent have comparatively little more interest in the advancement of the price of silver than other people; for, while we produce one-sixth of the silver of the world, we do not depend entirely upon our silver production, and we expect very shortly that the other interests of the State will far outweigh it. And the silver production of the United States, while it has amounted to 50,000,000 ounces last year, is an insignificant production in comparison with the great interests of this country that we think are involved in its rehabilitation as a money metal.

The silver question is not local in its character either as confined to one portion of this country or as confined to the American continent. It is a question that to-day is attracting the attention of all people everywhere. It has continued now for fifteen years to attract the attention of the financial and economic world. The brightest and ablest men of this generation have given time and study to this question, and it can not be cried down as a local measure. It will not do simply to say that the silver barons of the West are demanding it. It will not do simply to say that it is demanded in the interest of cheap money. It is demanded in the interest of humanity, in the interest of civilization, in the interest of progress, in the interest of the whole human race. He who approaches this subject with an idea that it is local in character, of minor importance, ought not to discuss it at all, for it is self-evident that he is ignorant of the great question that he attempts to handle.

Mr. President, the question presented, not for the American people alone, but for the entire world, is whether we shall do

business in the future as we have done business in the past, or until within the last seventeen years, by the use of the two precious metals, not made money by law, not made money metals by the edict of legislative minds, not by the consent of the merchants, but by the fiat of the Almighty when He created these two metals.

No, Mr. President, it is not a question simply whether we shall have four and one-half millions more of money a month or less, but it is, first, whether we shall provide for the American people a sufficiency of money with which they may transact properly the business of this country, and, second, whether we shall put ourselves in a position where we can aid potentially in bringing about what I believe to-day every practical financier almost in the world, every political economist almost on the face of the earth admits is essential to prosperity and progress, the use of silver as money, not as token money, but on equal terms with gold.

Mr. President, the American citizen has a right to draw upon all the resources of the world for money, if it is needed in his business. He is not confined to the production of the American mines of gold or silver. The automatic theory upon which we have been proceeding, and which is so dear to some men when it is applied to gold and so objectionable when applied to silver, goes upon the idea that a country can draw upon all the productive mines of the world and not draw upon its own alone. The bill goes upon the theory that we are to draw upon our own mines and our own alone and that all other mines are to be tabooed and their products kept out of circulation and degraded by our refusal to receive and use them.

A new idea in finance was adopted. Upon this purchase of the American bullion—for that is what it amounted to, although the bill did not say "purchase"—upon this deposit of American bullion in the mints there was to be issued a certificate. That certificate, under some conditions, could be exchanged for another certificate; but, without going through that, it is sufficient to treat it as a certificate that in the first instance demanded redemption at the hands of the Government. How should these certificates that were going out to do duty as money be paid? They were to be paid or redeemed in what? In coin? No! In bullion, in silver bullion, and tenaciously the Secretary of the Treasury has adhered to that view from that day to this.

Nothing else will suit the Secretary of the Treasury but

a treasury note or certificate payable in a commodity. It is the first time, in the history of this country at least, that we have attempted to pay our debts in goods. It is the first time that the store system which we have heard of in the mining regions and in other sections of the country is to be applied to the Treasury Department of the United States; and with that suggestion I am told in the public prints—not by the Secretary, but in the public prints—that I am recreant to a high duty which I owe as a member of the Republican party that I do not support that absurd, that to my judgment wicked and nefarious, proposition to redeem the public paper in a commodity.

Mr. President, this suggestion of the Secretary to pay these certificates in a commodity brought great satisfaction to a certain class of people in this country, that is, the advocates of the gold standard. They said, "That is the end of the coinage of silver; there is no longer any danger that you will get on a silver basis." Where are you going? On an absolute gold basis, without the use of silver as money. It is to be taken in as a commodity and taken out as a commodity and always treated in the treasury as a commodity, and yet they said, "Why, this is in the interest of silver; you silver men in the West who are interested in the production of silver ought to be satisfied, for it will put silver to par." Nobody knows better than the men who stood behind that scheme that it would not put silver to par, and nobody is more determined in this country than the men who fathered that suggestion that silver shall not go to par, and it never would go to par under that scheme.

If they have fooled some people there are a great many in this country whom they have not been able to fool with that kind of a statement. They did not want to put silver to par. If they put silver to par its use as money will be assured. The whole world will take silver if it is put to par, and the men who demonetized silver in this country and who have steadily, against public sentiment and the public interest and the public demand, prevented its recoinage and its full circulation as money, are not now going to surrender the advantage which they have held for seventeen years.

Mr. President, I have found one thing pretty safe in my practical life, that when my enemies want to do a particular thing and are anxious for it, look out. When I found all the monometallists everywhere singing praises to this bill, when I found the press that had been denouncing silver and denouncing every man who supported the free coinage or even the limited use of silver under the Bland bill as money supporting it, and all gold monometallists clapping their hands in glee over the prospect of this bill becoming a law, then I had reason to suspect that it was a Trojan horse. It was pretty certain, in a week, or I will say in a month, it was morally certain that that scheme would not succeed. The silver people—I do not mean by that the silver miners, I mean the political economists of the world who are not in league with the gold people—condemned it—so far as this body is concerned practically abandoned it. Even the great influence that a Secretary of the Treasury can bring to bear upon matters of this kind could not keep it alive.

Then the Finance Committee, as I now understand, of all the silver men except one, presented another scheme which was said to be an improvement on the former, and it is, for it does not have in it the objectionable feature, the payment in goods. We were to buy $4,500,000 of silver; and was that to be coined into money? Oh, no, Mr. President, not to be coined into money, but to be deposited in the Treasury of the United States as a credit, upon which the Government of the United States was to issue its money, or the treasury note was to be issued having no relation whatever to the coin in the treasury, save and except that it had been given for the purchase of it, and the holder of it had no more claim on the bullion in the treasury than any other citizen of the United States had or than he had upon any other property of the United States; and yet we were told that this was a silver bill, and that it was a bill in the interest of the use of silver as money, and that it ought to be satisfactory to us, inasmuch as it would raise the price of silver!

Why, Mr. President, I have not any doubt that it would raise the price of silver to some extent. It has not, I repeat, the vice in it that the other bill had, and it did look as if it was in the interest of silver to some extent, at least it was making a market for silver. Mr. President, if you want to put silver back to its original price of 1873, you have got to do more than make a market for it; you have got to recognize its money function, you have got to treat it as a money metal. The Government may buy it and drop it in the sea where the depth is so great that human ingenuity and human cupidity can never reach it, and you will not put it back to par unless you recognize it as money. Nobody ought to doubt that.

The demand for silver must be a demand for it for the purpose for which it has been used for more than three thousand years, nay more than five thousand years, and that is for money. That is its great value and that is its only real value. Compared to its moneyed use, all other uses are insignificant. Does this bill propose to use it as money? Does this bill come here with the recognition of the fundamental idea that it is money? On the contrary, the fundamental idea in this bill, as in the other, is that it is merchandise and nothing else. Under a contingency, I admit, by the kind will and good consent of the Secretary of the Treasury, some of it may be put into dollars; that is, the coinage of any part of the bullion so purchased is discretionary with the Secretary.

When I complain that I do not like this discretionary power in the Secretary of the Treasury I am told that that is a reflection upon our officials. Mr. President, I have been brought up in a political school that has taught me, and my observation has sustained the teaching, that that is the best law which leaves the least discretion to any human agent; that the best law is mandatory in all its provisions, in all its features. Of course I do not say that there are not exceptions to that rule, as there are to all others, but that is the principle upon which legislation must proceed, and that is especially the principle upon which financial legislation must proceed if it proceeds rightly.

Who determines the policy of the Government? The people. Who determines that in the first instance for the people, subject to their revision? This body and the other that unites with us in legislation, and not the executive department, for they have no legislative power; they are to execute the law. Is it not clear that a bill which commits discretionary power to the Secretary of the Treasury over the finances of this country is not the proper one, to say the least?

There has not been a Secretary of the Treasury since the Bland bill passed but has insisted that the Bland bill was a mistake. There has not been a Secretary of the Treasury who has not dinned this body and the other to repeal the Bland bill.

Whenever a new Administration came in, with a constituency back of them universally in favor of silver, the new Administration out-Heroded Herod in their desire to get rid of silver. The present President [Harrison] could not wait until he had taken the oath of office, but he addressed a letter to Congress, or to Congressmen, in which he demanded that we should get rid of the silver-coinage act at once; otherwise he declared we

should be on a silver basis, and the gold obligations of the Government could not be met.

Sir, if he had searched with a search-warrant and with the power of a detective he could not have found an obligation of the United States save those that were specifically payable in gold—that is, gold certificates—that could not be paid by a silver dollar. The first message that came here from that Executive recommended the suspension of silver coinage; the report of his Secretary of the Treasury recommended the suspension of the silver coinage; the Treasurer recommended the suspension of the coinage; the Comptroller recommended it, and if the messengers and doorkeepers of the department had had an opportunity to address Congress I have no doubt they would have been heard also demanding the suspension of the coinage of silver.

Mr. President, this Administration, in which I am glad to say I have an interest, was elected upon the solemn declaration made in our platform that we were in favor of the use of silver as money, and every Senator here went on the stump, every member of the other body, and our speakers everywhere, and arraigned the Democratic party for its hostility to silver. The Democrats had, in deference to their candidate, left out of their platform any allusion to silver.

We made that contest upon the theory that the Republican party was in favor of silver as money, not to use it to make teapots, not to make teaspoons, not to make tablespoons, nor for subsidiary coin. When we said it was for money, we said it was for all purposes that money is used for. We said it was to be equal to gold. We said "We are in favor of the use of gold and silver as money," and we hold our power now by virtue of that declaration in our platform. So far as I am concerned I am loyal to that platform as I am to all platforms to which I subscribe, and I intend, so far as my voice is concerned, here and elsewhere to give it in favor of the use of silver as money in accordance with that platform, whether it parts me from the Administration or whether it does not.

Mr. President, I say here that this question of silver, the use of it as money, is not and never has been before a political question. It is a question too big to be made a party question. We put it in our platform, not as a party principle, but as one that pervaded the whole country in recognition of a universal demand in this country for the use of silver as money.

Mr. President, as to the bill before the Senate reported from the Committee on Finance, does it recognize the right

of silver as money in the broad sense of the platform of the Republican party? Does it recognize silver in accordance with the general demand, as I think, of the country for its use? I think not.

Mr. President, under this bill these treasury notes are to be receivable for public dues, but not for private dues. They can be put in the reserves of national banks of the country and held as money, for the only parties in the country that they are legal tender for are the banks. They are legal tender for the banks for the purpose of meeting the demands of the Government, but they are not legal tender in the hands of any citizen in the country. And when we say that the interests of the people are paramount to the interests of the banks, when we say that all the people of the United States are entitled to as good money as the banks are, to money that will discharge their indebtedness as readily as it will discharge the indebtedness of the banks, we are met with the statement that it is very doubtful whether the Government of the United States has the power to make a legal tender out of paper.

Mr. President, we have made legal tender out of paper. We made it in the early history of the war. We made our paper legal tender for the soldier and the sailor, and we made it legal tender for everybody except the Government and the banks and the bondholders.

There never was a better illustration in the history of money of the ignorance that prevailed when that bill was passed. We were desiring to make good money. How do you make good money? By giving it all the functions of money. But here we withheld one of the principal functions for which money is used in this country. We said, "You can pay certain debts with it and certain other ones you can not pay with it." Looking back now, does anybody doubt that if we had given those notes full legal-tender qualities they would have maintained themselves during the war? The Senator from Delaware [George Gray] shakes his head.

Of course, Mr. President, these are speculations. You can not tell what might have taken place. But there is one thing nobody will deny, that it would not have sunk so low as it did, because it had a valuable use in discharging the debt of one citizen to another. If it could have discharged another debt of great importance for which gold alone was used by the Government—that was the payment of duties on imports—it would have been better money than it was and would have retained something near its original status when it was issued.

Nobody can deny that. My own judgment is that all the $400,000,000 issued of that money might have been kept at par with gold by proper management on the part of the Government had it been given full and complete legal-tender qualities.

Now, Mr. President, here comes this bill: certificates to be issued to discharge the duty of money. What is lacking in them? The power to discharge a debt; the very highest and most valuable function of money is withheld from them, and if they should depreciate as they will depreciate without that quality if issued in any great number, then we shall be told they have depreciated because the silver that has been put into the treasury is not good enough security and the people have not faith in it, and we shall be told again that we shall have a cheap dollar, a dollar cheaper than the gold dollar.

I heard it outside the Senate the other day that the way the silver certificates were kept at par was that the Government would and did redeem them in gold. I have an authoritative statement from the Secretary of the Treasury that not a dollar has ever been redeemed in gold, but they have always been and are redeeming at all times in silver, and they are as good everywhere as a gold dollar, as good in Great Britain as a gold dollar, as good in Germany as a gold dollar, as good in Canada as a gold dollar, and certainly as good in the hands of the American people, and they are redeemable in silver and are redeemed in practice in silver and in nothing else.

Before I leave this subject I want to call the attention of those who are in favor of increasing the circulation, and who believe it ought to be increased, to one provision in this bill as it is reported by the Finance Committee, which I think is dangerous.

The certificates are redeemable, according to this bill, in lawful money. They are not legal-tender; they can not perform the highest money duty; they can not discharge debts. "Oh," it is said, "everybody will take them." Mr. President, everybody will take them when they do not need the legal-tender quality; everybody will take them when business is all right. But what you need the legal-tender quality for is the time of distress, of financial convulsions and panics.

Why should this not be legal tender for all parts of the country? These notes are practically legal tender for New York City, for Philadelphia, and for the city of Washington, because they have a Government agency with money stored of a legal-tender character to which they can go and exchange their certificates for legal tenders, but in the city of Denver,

in the city of Omaha, in Kansas City, no man can exchange these certificates for legal tenders, and if he wants legal tenders he is at the mercy of banks that have them, or more likely the banks will not have them and he is at the mercy of his creditor.

Can anybody give me any reason why this certificate should not be a legal tender? There are constitutional objections, I am told. The Supreme Court of the United States has twice decided that we were able to make legal tender in our judgment.

SENATOR REAGAN.—On our naked promise.

SENATOR TELLER.—On our naked promise, without a dollar back of it. It is too late for anybody to stand here and say, "I object to the legal-tender quality of these bills because of a constitutional doubt." There is a power that is potent here, and it is potent everywhere in this country, which has dominated legislation in the interest of capital, and it is that power which stands back and says, "You can not make this legal-tender." Any bill that gets my vote will have a legal-tender clause.

The certificates or notes are to be used to buy bullion—where? In the bill introduced in the House it says "the markets of the world." That is what the Secretary will do, buy in the markets of the world, and what he has been doing under the Bland bill. He never bought it on New York prices; he bought it on the London price less transportation.

The certificates or notes are to be practically used in this country, and if they depreciate then silver must go up in order to meet that depreciation. Then the price of silver in this country will be higher than it is abroad, and no silver will be bought at all, and that, in my judgment, is what commends this bill to the consideration of a great class of men who are clamoring for its passage to-day, who are the opponents of silver, and who declare we need no more money.

Mr. President, I am not mistaken when I say that the dominant class in this country in finance—the creditor class—do not want any legislation that shall put silver up, nor do they want any legislation that shall give to the country more money. Why? They have studied the financial question, and they understand that it is the number of units that determines the value of money, and they say: "The number is great enough now; we want to stand where we are; we do not want any more." And the whole influence of that class of men will be to put down the value of these certificates that they may be below the gold value, and then they will buy no bullion here or anywhere else, and there will be a practical suspension of

bullion purchase and a practical suspension of the issue of money under this bill.

All the great interests that hold the credits of this country, amounting to nobody knows how much, are interested in having what some of the Senators here have been in the habit of calling "the best kind of a dollar," and if they can destroy silver by putting silver to par they will do it, and if it is put up to par for one hour that is the end of this bill, and then the special agencies that put it up will be interested in putting it down. There is no provision if silver goes down that there shall be any further purchases. This being so, it is a dangerous bill, either for the men who want to put up the price of silver or the men who want to increase the circulation of this country.

Under the existing law, what is called the Bland bill, the Secretary of the Treasury does not pay out silver certificates, but in practice he pays out whatever the seller of silver bullion desires, gold, greenbacks, or silver certificates. So, practically, the purchase of silver under the present statute is a purchase for gold. This bill is a departure in that particular, that it is to be purchased by this kind of paper, and this kind of paper alone.

Therefore, it becomes of absolute importance, essential to the success of this scheme, that this paper money should have the highest possible money function, that it should have all the value that we are capable of giving by law to paper money. If we withhold one of the principal duties of money, the discharge of indebtedness, or if its full legal-tender quality is denied to it, we invite its depreciation and a suspension of purchases under this bill. So there would be an end of this effort to do the two things that it is professed it is intended to do, to put up the price of silver and, what is of infinitely greater importance to the great masses of the people in this country, to furnish them a sufficiency of money for the proper transaction of their business, and thereby increase the prices of all human products in this land.

So, Mr. President, it seems to me that no friend of the amendment offered by the Committee on Finance ought to object to giving these notes full legal-tender qualities.

Senator Teller then reverted to the unfulfilled prophecies of the monometallists.

We were told in 1878 that all the silver of the world would come here, that we should be overwhelmed with it. We have

since that time exported silver and not imported it. We were told then that gold would be driven out. We have imported gold in untold amounts.

WILLIAM M. STEWART [Nev.].—And no country ever purchased it at a greater sacrifice.

SENATOR EDMUNDS.—Have we bought any gold?

SENATOR TELLER.—Yes, we bought gold, but not in the way that the Senator means. We bought it with our products, and we have sent our products to a fallen market. We have sent them to Great Britain to compete with the ryot of India. We have by this method of ours destroyed the wheat market of this country, not only for to-day, but, in my judgment, for all time. You may not only charge against this gold craze the losses that have occurred now, but you may charge up the losses that will occur for years to come. You have stimulated the industries of India, the wheat-growing, the corn-growing, and the cotton-growing in that country to such an extent that India has become a competitor with us for wheat and cotton and corn, which she never was before, and which she could not be now but for the cheap silver. But having established this industry in India she will keep it up probably to our detriment for all time.

India takes the gold price for her wheat in London or Liverpool, and buys silver with the gold, not silver dollars, but silver bullion, and instead of buying it at $1.29 an ounce, which it ought to be, she buys it for 92 cents, as she did last year. The exporter of the wheat takes that bullion to India and coins it into rupees, and the rupees buy and pay just as much as they ever bought in India.

India, under this impetus, has added a hundred million spindles in ten years.

SENATOR MCPHERSON.—Is the Senator anxious to have the United States pay tribute to England as India does now?

SENATOR TELLER.—Mr. President, we are paying tribute to England now. Therefore, England is not anxious that we should go to free coinage. If we did go to free coinage, how could it be said that we paid tribute to England?

SENATOR MCPHERSON.—The Senator has called attention to the fact of the large amount of debt that the people of the United States owe to England, in the shape of bonded debt upon railroads and other things, the interest and principal of which in most cases is payable in gold. India in like manner owes to England a large sum annually, which India can not pay in the products of India. As to the balance of that debt, India pays it in gold. Her rupees are taken to London and

are translated into English sovereigns, and must pay the debt due to England in gold. Whatever may be the price of silver, the lower the price the greater percentage she will have to pay in order to translate that money into money acceptable to England and money in which the debt is due. Therefore, if the Senator will place this country on a silver basis, which he proposes to do by the free coinage of silver, it will put us in exactly the same position with respect to all commercial transactions with England that India occupies to-day, and necessarily so.

The Senator is probably aware of the fact that in the past two years it has been necessary for the Treasury Department to make large loans of gold in the city of New York for the purpose of maintaining its obligations, which the Treasury Department received to be payable in gold. At one time no less than $10,000,000 was borrowed by the Treasury Department from the New York bankers. Therefore we have been pretty near the point when we should have been obliged to pay some of the obligations of the Government in silver.

Now, let me ask the Senator a question. He has made the statement, I believe, that there is but a very small quantity of silver bullion anywhere in the world. Conceding it to be true that there is but a small quantity available for coining purposes, suppose that you pass a law to-day providing for the free coinage of silver without any particular stock of silver anywhere whence to draw a supply to make dollars; let us suppose that the moment you pass a free-coinage bill you drive all the gold in the country, some five or six hundred million dollars, from its hiding-place, where are you going to get the money to take the place of the gold that you drive out of circulation? Would you not suffer? Would not the effect of it be the greatest contraction of the currency we have seen in this country? What resort then have you but again to apply to the printing press?

SENATOR TELLER.—When did the Government borrow gold?

SENATOR MCPHERSON.—Under Secretary Manning's administration.

SENATOR TELLER.—I had not intended to do so, to call the attention of the Senate and of the country to that remarkable transaction. I had supposed that was one which the average Democrat did not care to mention.

SENATOR MCPHERSON.—The Senator has found one Democrat who will admit everything that is a fact whether it hurts his side of the question or not.

SENATOR TELLER.—It is pretty well known that in July, 1885, Mr. Jordan, who was then Treasurer of the United States, was present at a congregation of bank presidents in New York who got together ostensibly for the purpose of sustaining the credit of the American Government, which was on the verge of bankruptcy! The new Administration had just come in. The President had appealed to his party associates to demonetize silver. They had told him, in terms polite but emphatic, that they would not do it; that the Democratic party was not in favor of the single standard of gold; and then this remarkable convocation of bankers in New York City got together to prevent the Government of the United States from paying its obligations in what? In silver. Every obligation that the Government had out was by law payable in silver. It was the money of this country and of the contract, and not even the gold barons had any right to complain that they were getting silver, for they had stipulated that they would have silver or gold. It was on the face of the bond. They had put it in the bond themselves and demanded that it should be put there before they would take the bond.

Now, that was the dire calamity that might overtake the Government. So they got together and said, "The Government is in danger." Of what? Disgracing itself by paying according to its contract. The next morning every financial region of the earth contained the statement that the Government of the United States was on the verge of bankruptcy. Had there been any executive officer in that meeting officially he ought to have been impeached. A more shameless attack upon the public credit has never been known in the history of the finances of this country.

Was the Government in danger of bankruptcy? I demonstrated in a speech that I made here, but I will not go over it, that there was an abundance of gold to pay every maturing obligation of the Government. There was not the slightest suspicion of danger of paying a silver dollar, and the Treasurer, and the Secretary, and the Chief Executive knew it. They said that they were not responsible for the transaction. They said they did not get it up; it was these loving bankers who were anxious to give the Government a lift and keep its credit at par. And Mr. Jordan, the Treasurer, said he was only a looker-on and not there officially.

That, I assert here now, was a combination and a conspiracy of the bankers of New York to frighten the American people, to compel them to bring the influence of public opinion upon

the legislative department to compel the suspension of the coinage of silver.

The Senator from New Jersey can not bring that up and say the Government has been on the eve of paying silver. But if it was, it would be all right, because it is according to the contract, and nobody has a right to complain. You may strangle the industries of this country, you may depress and destroy the profits of labor everywhere, and nobody complains; but if you threaten one of these bondholders with taking the money of the contract that he stipulated for, then there is a cry of alarm, and then the Government is to be disgraced.

If they had taken the 72-cent dollar that the Senator is so fond of talking about they would have made money off the Government. They bought the bonds for 60 cents on the dollar, but we are willing to pay them according to the contract in a dollar that is as good as any other dollar that ever went into the hands of man.

Mr. President, I am not afraid of free coinage; the people are not afraid of free coinage. What they are afraid of is contraction. What I am afraid of is an attempt to do the business of the world on one of the money metals. I realize that the day for the use of money metals in the way of coin passing from hand to hand is practically over, but if you have paper money there must be a coin basis. It is useless to talk about it and say we can maintain a large amount of paper without coin. I do not so believe. I believe that the base must be as broad as possible. It is too narrow to put it on gold. The necessities of the country will demand more paper than the gold will carry.

It is said by the advocates of the gold standard that it is practically immaterial what prices the farmer gets for his produce, the merchant for his goods, the laborer for his hire provided that everything falls. That is true; if nobody has any contracts out, if nobody owes anything. Money is not simply to make exchanges. Money is not simply to measure values. It is to discharge indebtedness; it is to complete contracts. It takes from 35 to 40 per cent. more wheat and corn and oats to pay the debts contracted in 1873 than it would take to have paid them then in gold. So it is through all the products of human labor.

I repeat, if we could all start in the same place and on the same plane, having the same amount of goods and owing no debts, there is but little difference how much money you start with; but when you make a contract upon the basis of

the money in existence and the money is suddenly contracted, what is the result? More products are demanded, more corn and more wheat. What is that but a legislative change of the contract?

What right has the Government to do by indirection what it dare not attempt to do by direction, and what the moral sense of mankind would be shocked at the suggestion of doing, to add to the debt of all the people of this great country, to compel the wheat-grower to add fifty more bushels to every hundred, when he pays his debts by the sale of wheat?

Ah, Mr. President, it is not only that. It is not simply that he has to give more hours of labor, more time, more sacrifice. He may be rendered absolutely unable to meet his engagements. The wheat-grower who was farming his farm to the full extent, the cotton planter who was cultivating his land to the full extent, is called upon to add 50 per cent. to his culture. But he can not do it; he does not have the land; or, if he can do it, the fall in the price of cotton and wheat may make it so low that he is actually working without a profit, and then bankruptcy stares him in the face.

Who compose the American people? The farmers, the laborers, 20,000,000 strong, are the American people. We are accustomed to hear persons talk about the "business men" of the country, and I have heard within the last few days more than one person say, "You must be in sympathy in your legislation with the business men of the country." Mr. President, the business men of the country are the men who till the soil, who operate the machines, who work in shops and in mills, and who create. It is not the men who deal in futures. It is not the men who handle money, checks, drafts, and money futures. They have but little to do with the creation of business and with production. The product of the farmers is infinitely greater than the transactions of the banks. I heard a Senator in this body once say that the product of the hens of the country was of greater value than the whole capital of the national banks.

The very existence of this country depends upon the prosperity of labor and the laboring people. They believe and I believe and hundreds of people who have studied this question believe that the whole thing is here in our hands if we have the courage to give the people a sufficiency of money, good money, sound money, silver money, international money, money that has discharged the duty of money for all time, even if it drives gold out of the country. I do not want to see gold go.

I want to see gold stay here, if it can remain, and perform the beneficent functions of money in connection with silver, as it has done in the past. If it can stimulate industries, if it can promote happiness among men, then I want gold; but if you have got to have a gold standard at the expense of the best interests of the country, at the degradation of the best elements of society, then I am willing to see it go, and it can not go too quickly to suit me. But it will not go. It is a bugaboo that is brought here to frighten us from doing our duty as we, and as the people to whom we are responsible, see it.

There is in this body a majority of men who believe that righteousness and justice demand the free coinage of silver. Some of them may be deterred by fear of opposition from other quarters. They may be retarded by the fear that they will not be enabled to enact such a bill into a law. My duty is done when I have exercised my judgment here as my Maker gives me to see it, and not as the Executive or anybody else may see it, and I propose to do my duty from my seat here according to my understanding of what my duty is, and I believe that if every Senator here will do that we shall pass a free-coinage act, an act that will relieve the suffering industries of the prostrate people, will increase opportunities, and bring prosperity and happiness and content not to the farmer alone, but to every class of men deserving the good will and special attention of the legislative mind. [Applause in the galleries.]

Richard Coke [Tex.] spoke against the bill.

This bill, Mr. President, is neither more nor less than a silver warehouse bill. I am opposed to the Government of the United States going into the warehouse business. An expansion of the volume of our circulating medium being imperatively demanded by the business interests of the country, if the coinage of silver is to cease and that metal is to be treated as a marketable commodity, rather than give it preferenec over other commodities by buying it up for storage in Government warehouses and issuing money on it, I would infinitely prefer to see paper money based, as our legal-tender notes are, on the wealth of the whole country and the power of the Government issued for the relief of the country.

Those having especial charge of the silver-mining interests would do well to see to it that a choice between these two methods is not forced upon the people of this country, for in my judgment the latter would be almost universally preferred.

If the committee's bill shall be so amended as to compel the coinage of the monthly purchases of silver into legal-tender coins and to invest the silver certificates provided for with full legal-tender power, I shall be willing to vote for it if the free and unlimited coinage of silver provided for in the amendment of the Senator from Colorado can not be passed, and I propose, so far as I am concerned, to leave no stone unturned in the effort to pass it. If this can not be done and the committee's bill shall not be amended in the particulars named, then I prefer the law of 1878 as it now stands to any proposition now before the Senate, believing that when the next Congress meets the people will have lashed into obedience to their will those who are now and have been for years openly defying it in obstructing the free coinage of silver.

On May 16 John Sherman [O.], of the Committee on Finance, proposed an amendment to the bill, providing that the Secretary of the Treasury redeem from the general cash, and cancel, notes of national banks coming into his possession, covering into the treasury as a miscellaneous receipt all deposits made by the banks for such redemption, with the exception of the 5-per-cent.-of-circulation deposits provided in the act of June 20, 1874.

Preston B. Plumb [Kas.] proposed as an amendment to this amendment that no funds available for the payment of the public debt, including deposits for the redemption of treasury notes, shall be retained in excess of $110,000,000.

Senator Sherman said:

I do not know the object of the Senator from Kansas. I suppose it is simply a kind of general direction to the Secretary to not keep unnecessary balances on hand. That every Secretary will try to do. You can not restrain him or limit him to $110,000,000 or any other sum. If there was a general declaration here that in the sentiment of Congress no larger balance should be kept on hand than is absolutely necessary to meet the incoming liabilities, I should have no objection to that general proposition; but that is the law now, and we ought to apply the excess of the sum over the amount necessary to meet the current expenses of the Government to the payment of the public debt, and every Secretary of the Treasury will, as a matter of course, do so.

A good deal of complaint was made about the Secretaries under the last Administration, that they kept too much money on hand, and they were subject to that complaint. Perhaps the present Secretary keeps too much money on hand, but who can judge? He has the responsibility and he must judge and you must trust him to a certain extent, and certainly you must not cripple him so as to prevent him from paying the debts and obligations of the Government as they come in.

Senator Plumb defended his amendment.

Mr. President, the question as to what relation the Treasury Department shall occupy toward the volume of currency is a very important one in view of the fact that we are making large collections, far in excess of the current needs of the Government, and by reason of the fact that various funds are kept in the treasury in apparent pursuance of law which results in diminishing the volume of currency actually in circulation.

During the period of the war and the period which followed resumption the treasury had a certain, perhaps vital, relation to the finances of the country, a relation which was discharged conscientiously, although I have not always thought advisedly, but which ought to cease. It is offensive to the relations which in my judgment should be maintained between the executive authority of the Government and the people and the law-making power that the Treasury Department should have anything whatever to do with the volume of the currency.

If the treasury should perform, as I think it ought to perform, an involuntary office in regard to this matter of currency supply, if that was the theory which pervaded that department and was the governing principle of the Secretary of the Treasury, whoever he might be, legislation would not be necessary. But as things stand now the Secretary of the Treasury thinks that he is in some way the keystone, the linchpin of the financial interests of this country, that he has got to take into account the barometrical condition of things in New York. I wish he would take into account what is the condition in other places besides New York. New York is the one place that is always within the purview of the Secretary of the Treasury, and which, as I think, limits his horizon.

I want, so far as I am concerned and in the discharge of my responsibility, to take the Treasury Department entirely out of all this scheme of national finances. I want to prescribe what funds the Secretary of the Treasury may keep in the

treasury, and I want to so prescribe it that, whenever a dollar comes in that is not necessary for the current expenses of the Government, he shall pay that dollar out in redemption of the public debt and put it into the channels of commerce.

Any reduction of the currency by the Secretary upon any pretence whatever that does not involve the solvency of the Government itself, whereby in obedience to it he keeps in the treasury money which before that time was in circulation among the people, is an economic crime.

I admit, Mr. President, the strength of inherited ideas; we all yield to them, and the treasury to-day is running upon the inheritance of the past, and wrongly, in my judgment.

Mr. President, the treasury has had so much pride in the great accumulation that it has resented any diminution of it, never advised legislation which would deplete it. And there has always been an actual or assumed fear that people were lying in wait, hoping and intending in some mysterious way to break the treasury by draining out its hoards of gold.

I will never believe, until I believe in the coming of the millennium, that any Secretary of the Treasury, be he Republican or be he Democrat, will do aught except to keep in the treasury every single fraction of a cent which comes in so long as there is possible excuse for it, and I want, so far as I can by my vote and influence, to disassociate the treasury from the current business of the country.

I want to see the treasury perform a purely automatic and involuntary office in currency supply, paying out what comes in in the shape of revenues as fast as received in order that the business of the country shall not suffer by contraction.

I do not want the Secretary of the Treasury actually, or according to current belief, to be the instrument of speculation in Wall street or elsewhere. I do not want circulars and bulletins from brokerage and exchange offices in New York to be indulging in speculations as to what course the Secretary of the Treasury is going to pursue and using such for the purpose of raising or depressing the market; and I do not want men on the streets in New York and elsewhere to be, or have the opportunity to be, peddling what they conceive to be "treasury points," claimed to be obtained from persons near the throne, in regard to what the Secretary is going to do. Money locked up in the treasury is of no more use to the people than if it were in the bottom of the sea. It is not the accident of the situation upon which wise men build. It is the general average, the thoroughly known and established conditions, and if I were in a business depending upon the question of currency supply, with a Secretary who might contract ten millions or more this month and put out ten millions more the next, I should adapt that business to the less volume rather than the greater.

Present conditions are as they have existed under all the Secretaries who have managed the Treasury Department since the war; and it is no reflection upon them to say this, for it is the inevitable result of the deposit of enormous power, coupled with the conditions and theories which have attended treasury management ever since the war debt was created.

It is undoubtedly useful to keep some money in the treasury for the purpose of redeeming treasury notes. Let us fix that sum at an amount which we regard as safe, treating it as so much abstracted from the volume of the currency, add to it an equivalent or a larger amount, as the case may be, in order to meet the current needs of the Government, and thus leave the outside money supply wholly independent of the treasury.

Senator Sherman.—The amendment I offer is an aid to the bill, because it will relieve from the operations of existing law a fund of $60,000,000. The amendment of the Senator from Kansas proposes to change the law in regard to the resumption of specie payment, to change the amount of the fund which has been set apart. It is not wise to do it, and I hope the proposition of the Senator from Kansas or any other proposition that looks to diminishing or weakening in the slightest degree this great fund, which is not only the protection of our United States notes, but is the protection of the whole currency of our country, will not be listened to by the Senate.

It is said, "Very well, none of these United States notes are presented for redemption." Why? It is because the Government of the United States is so strong, resting upon this solid rock of $100,000,000 of gold, that a man would be a fool who would try to break us up. It is the solid basis upon which our credit and our currency rest, and it ought not to be disturbed. We might save a little interest, we might pay off a few more bonds by using this money, but in the end we should lose in public credit. To impair this fund would in itself be an injury to the public credit; and although we have perfect confidence that we are able to pay all this money, yet that great fund in the treasury is the reliance upon which the people of the world rest for the prompt redemption of all obligations, and it ought to rest there. We gain by it.

It is true we do not get any interest on the $100,000,000

of gold in the treasury, but we save interest on the $346,000,000 of United States notes, and it is a bulwark to our national-bank circulation, because, while they redeem their circulation in United States notes, that redemption is based upon gold. So with our gold certificates and our silver certificates: the fact that the United States maintain that typical wise measure of holding dollar for dollar in actual wealth, bullion, for which the world is striving, for every dollar of these certificates outstanding, gives confidence in them. That is the rock upon which these certificates stand. Suppose somebody should say at some future time, "We have 290,000,000 silver dollars lying idle in the treasury and we have $292,000,000 of certificates outstanding; these certificates are not presented for silver; we will pay out the silver coin, in violation of the pledge made to the men to whom these certificates were issued." How long would these certificates maintain their power? What a shock to the public credit that would be, that a great nation, boasting to be the richest and most powerful nation of the world, should make a promise to a public creditor that it would hold that bullion in its vaults as a security for the redemption of certificates based on it. Suppose you violate that promise, it will not do to say to the world, "The United States will take care to pay the certificates when they come in." The very fact that we violated our obligation, our word of honor, our pledge, would destroy our credit.

Mr. President, I do not want to go into the argument about this bill at the present time. I do not like some of its features. I may be driven to support it, but it seems to me that some of the friends of the bill have abandoned it already or taken a different view of it. The gentleman who introduced the bill seems to have abandoned the principle of the bill. There are some good features in it which I should like very well to see adopted if we can agree in the Senate of the United States upon some measure which will furnish the people of the United States with more money, for I think they want it, and which will also tend to advance silver bullion nearer and nearer to the standard of gold.

I am willing to support any proposition of that kind and to vote for it, but I do not believe in the idea of the free coinage of silver, drawing from the mass of three thousand millions of silver in the world. I do not want Congress to pledge itself to buy all of the silver that is offered that may be melted from the pots of India or China or all over the world. When that proposition is made I feel startled and

surprised. If that proposition shall be adopted, then I do not want to vote for any of these bills, but will let those who wish to take the risk of such a speculation take the risk, and not I.

But I favor anything that can be done by this bill or any other bill to accomplish the objects which have been proposed, to give us more good paper money based upon actual deposits of gold or silver bullion, that will raise the value of silver. I would buy every ounce of silver produced in this country and keep it in our treasury vaults and issue our certificates upon it, based upon its market value, to any credit that may be desired, and I would make those certificates a legal tender so that they would travel all over the world and be as good as gold and upon a parity with gold. But these other measures which are now debated at such voluminous length and with such fulsome eulogies, that invite us into a competition with all the world in the free coinage of silver—I do not want "any of it in mine," to use a slang phrase.

As long as our money can be maintained up to the highest standards of the most civilized nations of the world, I will go hand in hand with these gentlemen and do anything I can to increase the volume of our currency based upon bullion or coin or to increase the value of every product, because I do regard silver like gold as one of the chosen metals by the Almighty for currency. But gold and silver have varied from the very beginning of time; one is sometimes up and sometimes down, varying now from day to day in the markets of the world. If we can adopt a measure that will enable us to use both these metals and keep them at a parity with each other, I shall vote for it. If not, I shall content myself by simply voting in the negative.

John J. Ingalls [Kas.] supported his colleague's amendment.

It has never been denied, so far as I know, that for a long period of years that fund which was provided by the sale of bonds as a reserve for the redemption of the United States legal-tender notes never was set apart for that purpose.

What would be said, Mr. President, speaking about the morality of it? A trustee who should mingle and confound the assets and the estate of his ward and put them into his own general account and draw upon them for his individual and personal expenses, although he might have enough to meet any claim that might be made upon him, would, upon the

revision of a court of equity, be held to have been guilty of laches and of delinquency, and would be removed promptly from office.

GEORGE F. EDMUNDS.—But the United States was not a trustee; it was a simple debtor.

SENATOR INGALLS.—I contend that the United States, so far as that fund was concerned, was a trustee. Else why were $95,500,000 sold in terms? There were gold and silver in the treasury at that time.

Why do I revert to this fact, Mr. President? I do it not for the purpose of entering into a contention with the Senator from Vermont or the Senator from Ohio upon a question of morality. Everybody knows that the credit of the Government was ample, that its faith was pledged for the redemption of these notes. I do it for the purpose of repelling absolutely the idea that the value of United States notes ever depended in the slightest degree upon the fact that there was $100,000,000 of gold in the treasury. It is an idle assumption.

SENATOR EDMUNDS.—If my friend will pardon me, the creditor, the holder of the notes, did not care how the books of the treasury were kept so long as he knew the gold was there and he could get it if he called for it. That is what made the credit of the Government.

SENATOR INGALLS.—The Senator from Vermont is wrong. There never was any declaration on the part of Congress that $100,000,000 should be set apart as a reserve fund for the redemption of United States notes. On the contrary, the declaration was that the Secretary of the Treasury should always maintain a sufficient fund for that purpose.

By the act of January 14, 1875, the whole matter rested in the discretion of the Secretary of the Treasury to provide such a fund as in his judgment would be sufficient to maintain specie resumption, and it was in accordance with that that the sum of $95,500,000 in fours and four-and-a-halfs was sold.

Does anybody suppose if those bonds had been issued and put in the treasury and filed there and maintained specifically as a fund for the redemption of those notes, with the coupons cut off every half year as they matured, there would have been any difference in the market value of the United States notes? Does anybody suppose they would have fluctuated? Does anybody suppose they would have been reduced in market value anywhere on the face of this earth? No, sir. Those bonds might just as well have been left in the treasury of the United States from that day to this, instead of that great

volume of idle and menacing gold, and the coupons cut off quarterly or semi-annually and burned and calcined to ashes, and the credit of the nation would have been exactly as good. The value of the United States notes would have been exactly as high. We should have saved from $40,000,000 to $45,000,000 that have been paid out in interest for the purpose of allowing that idle and enormous amount of gold to remain in the treasury.

I heard my colleague or some other Senator state the entire amount of indebtedness that had been presented for redemption during the eleven years. It was somewhere about $28,000,000, or $12,000,000, at least, less in amount than the interest we have paid upon the bonds that were issued for the purpose of providing this fund. That may be supplemented by another equally interesting fact, that during that period of time, the eleven years, there has been presented at the treasury in gold for exchange into greenbacks more than twice the amount that has been presented in greenbacks for redemption in gold.

Therefore, Mr. President, the claim that this $100,000,000 in the treasury is necessary to maintain the credit of this nation, that it ever was pledged to be deposited there as a matter of faith or of public honor, is a fiction. It is a dream. It is a barren ideality, as has been said about another transaction. There is no foundation for it, and there is no man in his senses, who is not afflicted with the mania for gold, who does not know that if that were unlocked and released to-day and set to work, as all money in the country ought to be set to work, the value of our United States notes would not fluctuate the minutest subdivision of a hair in the markets of the world. There is no weight of the apothecary's scale that would turn upon a knife-edge which would measure the value of depreciation that would occur to the notes of the United States if that $100,000,000 of gold were to be unlocked and turned loose and set to work, as it ought to be, in the financial affairs of this country.

Mr. President, it seems evident to me that we are conducting this debate upon an entirely wrong basis and assumption. I suppose it is not necessary for me to affirm that the credit of this nation is as dear to me as to anybody; that I would in no sense whatever impair it; that I would in no minutest manner in any way whatever impair a national obligation. But the claim here that when the Secretary of the Treasury has the right to sell a thousand million dollars of the bonds of the United States, when by the terms of the act itself requiring

the resumption of specie payments he has a right to use all the balances in the treasury and supplement any deficit that may occur by the sale of bonds, that the presence of that paltry $100,000,000 in the treasury is the basis of national security and honor is an absurdity. It is a superstition that is worthy only of the mediæval ages.

Senator Sherman said that Senator Ingalls' theory was that of fiat money.

Senator Ingalls.—"Fiat" money! Mr. President, there is no fiat money in this country that rests upon the credit of this Government when the capacity for redemption to the extent of $100,000,000 in the coupon bonds of the nation is lodged with the Secretary of the Treasury. No, sir!

On May 21 William M. Stewart [Nev.] spoke at length in favor of Senator Teller's amendment.

The people will not be deceived by the offer of the gold-standard contractionists to buy more silver. The reason they give for making such an offer is unsatisfactory. They say that they desire to enhance the value of silver, but that they have no intention of using it as standard money. The Senator from Oregon [Joseph N. Dolph] reëchoes the arguments of the Senator from Ohio and of the Secretary of the Treasury that everything shall be measured by the gold standard, that silver itself and the certificates which represent it shall be anchored to gold prices. Why buy silver if it is not to be money, but must depend for its value upon redemption in gold? Why not buy paper and advance its price? There is just as much reason for doing so as there is for buying silver if silver is not to be treated as standard money, and, although the material may have little market value, the paper currency redeemable in gold may circulate as money.

The gold monometallists indorse the Windom bill because it does repeal the Bland act and because it does not contemplate the use of silver as money. They are even willing to degrade the Government and make the United States a purchasing agent for the benefit of speculators in silver bullion. In other words, they would make the Government of the United States a broker for the Rothschilds, the Barings, and other purchasers of silver on foreign account without any commission for such services.

Why do not the gold monometallists meet the issue squarely and demand the repeal of the Bland act? Why are they willing that the Government should go into the brokerage business if they do not design to deceive the people by a flimsy pretence that they are in favor of silver when they are in fact seeking its demonetization? President Cleveland was more courageous and direct in his opposition to silver. He met the issue squarely and took the consequences. He was defeated, but he can not be charged with an attempt to deceive the people. The failure of President Cleveland to secure the repeal of the Bland act warned the gold monometallists to make no more open fights against the wishes of the people. It proved that open warfare on silver can not be successful in this country. Have they come to the conclusion that if the Bland act is repealed at all it must be done by some secret device?

Have they adopted the tactics of the cuttle-fish? They have certainly done all in their power to darken the waters and escape observation. This sudden conversion is suspicious. Why should the monometallists pretend to be friends of silver? "Beware of the Greeks bearing gifts!"

The Democratic party in its national platform in 1888 was silent on the silver question. It was compelled to be silent on account of its candidate [Grover Cleveland], who dominated the party and whose voice is still potent in its counsels. It is unfortunate that he is the only man named as yet as the Democratic candidate for 1892.

The Republican party met in convention at Chicago a few days after the adjournment of the Democratic convention. It recognized the demands of the people and declared that it was in favor of the use of both gold and silver as money. It is now pledged as irrevocably as was the Democratic party by its platforms of 1880 and 1884 to remonetize silver.

The question now presented to Republican Senators is, shall that pledge be redeemed or shall it be understood that both parties are so under the influence of the money-lenders that no pledge they make for currency reformation can or will be redeemed? If this be the fact, the sooner it is known the better. If both parties are so involved with the usurers that the people can get no relief through either organization, let that fact be known.

On May 22 John W. Daniel [Va.] spoke in favor of Senator Teller's amendment. At the conclusion of his speech, which was a long one reviewing the entire free

silver position, he upheld the view that the United States was powerful enough single-handed to restore bimetallism to this country and probably to the world.

Mr. President, just as soon as America stands up upon her own feet and lets Great Britain know that she will not bow down to her idol of gold, you will see our commercial policy bounding into the ascendant, our prices rise, our poor laboring men and farmers rescue themselves from mortgage and debt, and this nation enter upon the high career of independence which Providence designed in its making. [Applause in the galleries.]

On June 2 Justin S. Morrill [Vt.] replied to the argument that the United States alone could successfully establish the free coinage of silver.

I do not wish to have the United States divorced from the commercial world. I have hoped that we might soon have the primacy in the exchanges of the world. With our larger product of both gold and silver it would be easy by wise and prudent measures to utilize a prodigious amount of silver and yet maintain the bimetallic standard. That is not the policy of those who have led off in this debate, but the transparent design is, and only very thinly attempted to be concealed, to go by a single bound to a silver standard. Of course they are not so witless as to suppose by our action here that the value alone of the billions of silver in the whole world could be increased to the par of gold. A silver trust on the part of the Government while controlling the whole American product would cause some rise in the value of silver, and England and Germany would like to have us do it. Like the monkey in the fable, they prefer to use the cat's paw to pull the chestnuts out of the fire.

But the task of raising the price of the whole world's product is too great, and we should find ourselves in the condition of the Virginian, who, after being told by his lawyer that he had no legal remedy for his case, and then, when asked if he could not lick his antagonist, answered: "I think I could, but it would strain me." The whole task of raising the price of silver against the world would strain us.

On June 5 Senator Sherman opposed the free coinage of silver by the United States acting alone.

The tendency of public opinion in Europe is to abandon the double standard and rest all obligations upon gold alone.

The United States and France, both republics, are now upholding the double standard, not upon the basis of free coinage, but by refusing to coin silver except in limited amounts, and each maintaining the parity in purchasing power of its coins by receiving them and paying them out as money, or by holding bullion and coin of both metals as security for the redemption in coin of circulating notes. France and the United States have coöperated heartily with each other in two international conferences to establish the free coinage of silver and gold by the commercial nations of the world upon a common ratio, both admitting that neither or both nations combined can with safety enter upon such an experiment. Shall we try the experiment alone? As sure as fate, as certain as the waters of the ocean will find their level, silver will be the only standard of value in the United States. We will detach ourselves from the standards and monetary policy of the great civilized and Christian nations of the world, and take our place with China, Japan, India, and South America. The pound sterling will be worth $6 instead of $4.846; the franc, the thaler, and the florin, 25 per cent. more than now. Our dollar will be as in colonial times, worth less than 3 shillings, or about 4 francs.

But it is said that those of us who demand the gold standard or paper money always equal to gold are the representatives of capital, money-changers, bondholders, Shylocks, who want to grind and oppress the people. This kind of argument I hoped would never find its way into the Senate Chamber. It is the cry of the demagogue, without the slightest foundation. All these classes can take care of themselves. They are the men who make their profits out of the depreciation of money. They can mark up the price of their property to meet changing standards. They can protect themselves by gold contracts. In proportion to their wealth they have less money on hand than any other class. They have already protected themselves to a great extent by converting the great body of the securities in which they deal into gold bonds, and they hold the gold of the country, which you can not change in value. They are not, as a rule, the creditors of the country.

The great creditors are savings-banks, insurance companies, widows and orphans, and provident farmers and business men on a small scale. The great operators are the great borrowers and owe more than is due them. Their credit is their capital and they need not have even money enough to pay their rent.

But how will this change affect the great mass of our fellow-citizens who depend upon their daily labor? A dollar to them means so much food, clothing, and rent. If you cheapen the dollar it will buy less of these. You may say they will get more dollars for their labor, but all experience shows that labor and land are the last to feel the change in monetary standards, and the same resistance will be made to an advance of wages on the silver standard as on the gold standard, and when the advance is won it will be found that the purchasing power of the new dollar is less than the old. No principle of political economy is better established than that the producing classes are the first to suffer and the last to gain by monetary changes.

I might apply this argument to the farmer, the merchant, the professional man, and to all classes except the speculator or the debtor who wishes to lessen the burden of his obligations, but it is not necessary.

It is sometimes said that all this is a false alarm, that our demand for silver will absorb all that will be offered and bring it to par with gold at the old ratio. I have no faith in such a miracle. If they really thought so, many would lose their interest in the question. What they want is a cheaper dollar that would pay debts easier. Others do not want either silver or gold, but want numbers, numerals, the fruit of the printing press, to be fixed every year by Congress as we do an appropriation bill.

Now, sir, I am willing to do all I can with safety, even to taking great risks, to increase the value of silver to gold at the old ratio, and to supply paper substitutes for both for circulation, but there is one immutable, unchangeable, ever-existing condition, that the paper substitute must always have the same purchasing power as gold and silver coin maintained at their legal ratio with each other. I feel a conviction, as strong as the human mind can have, that the free coinage of silver now by the United States will be a grave mistake and a misfortune to all classes and conditions of our fellow-citizens. I also have a hope and belief, but this is far from a certainty, that the measure which is proposed for the purchase of silver bullion to a limited amount and the issue of treasury notes for it will bring silver and gold to the old ratio and will lead to an agreement with other commercial nations to maintain the free coinage of both metals.

And now, sir, I want to state in conclusion, without any purpose to bind myself to detail, that I will vote for any measure that will, in my judgment, secure a genuine bimetallic standard,

one that will not demonetize gold or cause it to be hoarded or exported, but will establish both silver and gold as common standards and maintain them at a fixed ratio, not only in the United States, but among all the nations of the world. The principles adopted by the acts of 1853 and 1875 have been sustained by experience and should be adhered to. In pursuance of them I would receive into the treasury of the United States all the gold and silver produced in our country at their market value, not at a speculative or forced value, but at their value in the markets of the world. And for the convenience of our people I would represent them by treasury notes to an amount not exceeding their cost. I would confer upon these notes all the use, qualities, and attributes that we can confer within our constitutional power, and support and maintain them as money by coining the silver and gold as needed upon the present legal ratio, and by a pledge of all the revenues of the Government and all the wealth and credit of the United States. And I would proclaim to all our readiness, by international negotiations or treaties, to bring about an agreement among nations for common units of value and of weights and measures for all the productions of the world.

This hope of philosophers and statesmen is now nearer realization than ever before. If we could contribute to this result it would tend to promote commerce and intercourse, trade and travel, peace and harmony among nations. It would be in line with the civilization of our age. It is by such measures statesmen may keep pace with the marvelous inventions, improvements, and discoveries which have quadrupled the capacity of man for production, made lightning subservient to his will, revealed to him new agencies of power hidden in the earth, and opened up to his enterprise all the dark places of the world. The people of the United States boast that they have done their full share in all this development, that they have grown in population, wealth, and strength, that they are the richest of nations, with untarnished credit, a model and example of self-government without kings or princes or lords. Surely this is no time for a radical change of public policy which seems to have no motive except to reduce the burden of obligations freely taken, a change likely to impair our public credit and produce disorder and confusion in all monetary transactions. Others may see reasons for this change, but I prefer to stand by the standards of value that come to us with the approval and sanction of every party that has administered the Government since its beginning.

Senator Teller replied to Senator Sherman.

Mr. President, I congratulate myself and I congratulate the country that the mask is off this so-called silver party that has paraded the committee's bill before the Senate. If there was any question as to the attitude of the distinguished gentleman who had taken his seat before I got up, no person who has listened to him can doubt it now. He is for the single standard, the gold standard to be the only standard, he is for the abandonment of silver as a money metal, to be used simply as subsidiary coin, or else his words mean nothing. I welcome the issue. The people of the United States will be glad to know that the so-called silver party who have heretofore been avowed goldites have resumed their natural, normal position and place.

Senator Stewart at great length discussed the "Crime of '73" and Senator Sherman's part in it. In conclusion he said:

It is quite probable that the Senator did not realize the consequences of the great change in the standard money of the world which the law he framed would produce, and that he was mistaken in the consequences which would follow the demonetization of silver. If the law was a mistake he should in all fairness have been the first one to rectify that mistake and aid in the restoration of the money of the Constitution. Has he done so? On the contrary, he has during all the years that have passed since 1873 persisted in his advocacy of the single gold standard, and he is not now willing to restore silver to the place it occupied before it was demonetized in the manner I have described. If the Senator from Ohio to-day would advocate the unlimited coinage of silver, a law for that purpose would speedily be placed upon the statute book. He is the author of the demonetization of silver and the great leader in the advocacy of the gold standard. If he should change his views the battle would be won and the money of the Constitution restored.

Frank Hiscock [N. Y.] declared free coinage of silver opposed in effect to the protective tariff system.

I call attention to the effect upon our customs taxes or duties. They will be payable in silver. So long as that metal in the ratio of our coinage is at a parity with gold we maintain the

present measure of protection; when measured by the gold standard, if silver has depreciated, to just that extent you remove protection. This may not disturb the other side of the Chamber, but it should and will solidify all in the North and South, East and West, who prefer protection of our industries rather than the unlimited coinage of silver by our Government against the measure.

On June 6 Senator Plumb replied to Senator Hiscock.

Mr. President, the sacred name of protection was invoked yesterday by the Senator from New York against the free coinage of silver. I was not surprised, because I had noticed with more concern than I care to express that for many weeks past the leading protection newspapers of the country have been denouncing the proposed free coinage of silver, and, in fact, all plans for adding to the volume of silver money as conspiracies, and impugning the motives of their advocates. According to them, only dishonest persons favor silver, and all the country needs in order to be prosperous is to increase the duties on articles of general consumption.

We have had rehashed the old talk about the 75-cent dollar, about repudiation, about the awful impropriety of increasing the value of silver because it would give profit to miners and mine owners. What does protection do if it does not make profit for the manufacturers? And what about the demonetization of silver in 1873, by which the miners and owners of gold have been enriched, by which, according to the best authority, gold has been increased more than 30 per cent. in value in the last fifteen years? Anything which helps gold and adds to the fortunes of those interested in it is moral and God-fearing; that which would help silver is dishonest.

Mr. President, I am a protectionist, and up to within a few days I have believed that protection meant the giving of value to any product the result of American labor on American soil. But now, in the sacred name of this—I will not call it a fetich, although I do not know what I may call it before I get through—but in the sacred name of this system we are asked to depreciate silver, notwithstanding it is an American product of much larger value than many which will figure in the new tariff bill [the McKinley bill] with an increase of 200 or 300 per cent. of duties beyond those now provided by law. When my friend from New York [Mr. Hiscock] got into the pathos and patriotism of his plea not to do anything which would deprive the

country of gold wherewith to make settlement of our foreign balance, I wanted to ask him what he proposed to do about this same tariff bill, which, if enacted in its present shape, will cut off the greater part of our foreign commerce for the present, at least, and thus obviate the necessity or even the opportunity of our paying out gold in payment for imported goods.

On June 12 William M. Evarts [N. Y.] opposed the free coinage amendment of Senator Teller.

The Senators from Nevada and my friend from Colorado [Mr. Teller], with many about them in concurrence of feeling and opinion, roundly assert that no harm can come or will come, and that this measure will not only be a safe movement set in action here, but will serve in the best way the ultimatum which they wish to reach and which they appreciate quite as much as I do.

Well, Mr. President, when the apostles Peter and John stood at the gate of the temple called Beautiful and looked with pitying eyes upon a cripple who lay there hopeless, they asked him to fasten his eye upon them, and then in the faith of their Master they bade him arise and walk, and he arose and walked, and he arose and walked and leaped, and went into the temple walking and leaping for joy. If I could attribute to these, my friends on my right here, that apostolic grace and endowment that belonged to those apostles, speaking in the name of an authority that could accomplish it, I, too, would like to see the limping silver leg on the march of money metal in the world thus raised and exhibited in the temple walking and jumping for joy.

But, Mr. President, this will have been the first miracle that these, my friends, will have performed. After it has proved a miracle we can estimate anything as possible within their compass. But if we ask a cripple to throw away his crutch and break his broken limb again, what shall happen to the hapless victim of faith without a miracle to carry it out? Here is the rub. Here is the sober and grave judgment that is to be made by the depositories of the wisdom of the people and of their desire, and of our wishes to accomplish that desire.

Let us look, then, at what would happen. We shall go on with the mintage at 16 to 1. No proposition has been made to reduce it. If we pile up additionally and *ad libitum*, not controlled by seigniorage and purchase, we shall be raising a wall of 16 ratio dollars. Senators say it will be $200,000,000, and

$200,000,000 can do no harm to our domestic money. Very well, let us hope so; let us think so. What is to happen? We can do this at 16, possibly, without inundation from abroad, because we have the protection of 3 per cent.; but just in proportion as we raise this mass, growing and growing at 16, we make it impossible for them in Europe to open their mints at 15½, for if that were done every dollar on this side to be minted, with all the patriotism that is to be impressed upon it by our oratory, would go across the water to be minted at 15½. Three per cent. is a good transaction when the risks are only in the transformation of the money. Therefore, it is to me utterly impossible, as a practical measure, that we should open the mints here if we wish to work up to opening the mints abroad.

I find insuperable difficulty in opening the mints of this country to silver. I will ask the favor that I may save my strength and the Senate's patience by inserting in my remarks an extract of some two pages from the presentation in behalf of this country which I made to the silver conference, as bearing upon the question of the ability of law to restore a parity when it is once disordered.

"Although, then, the precious metals, in their qualities as metals, may remain commodities whenever the act of the law, finding in their properties the necessary aptitudes, decrees their consecration to the public service as money, it decrees that they shall never after, in that quality of money, be commodities. In the very conception of money, it is distinguished from all exchangeable, barterable commodities in this, that the law has set it apart, by the imprint of coinage, to be the servant of the state and of the world in its use as money, and to abstain from all commixture, as a commodity, with the other commodities of the world.

"Wherever and howsoever this ideal of money fails to be real, it is because the law is either inefficient within its jurisdiction, which is its disgrace, or because its jurisdiction is limited territorially and its vigor fails beyond the boundaries. In the latter case I agree silver or gold, in the shape of the coinage of one country or another, may become merchandise to be bought and sold in other countries as a mere money metal. Manifestly these exposures to demonetization beyond the boundaries, because the legal force which has made metal money stops with the boundaries, is the main cause of the mischiefs in the monetary system of the world, which need redress. The cause understood, the cure is obvious. It is to carry, by some form of consensus among governments, the legal relations between the

two metals in their employment as money beyond the boundaries of separate systems of coinage. The legal relation between the metals once fixed, no important evasion of it would be possible, and no serious disturbance of it could arise from diversities of coinage. It is for this result and by this means that we are striving.

"Whenever any portion of the money which should be used as the solvent for the exchange of commodities turns into a commodity, it thereby not only diminishes the force and volume of money, but adds to the weight and volume of the exchangeable commodities. It is as little a condition of health, and may lead to as great calamities, as if the fevered blood should burn the tissues of the vital channels through which it circulates, or as if the coats of the stomach should turn to digesting themselves.

"To me it seems certain that the nations must contemplate either the employment of the two metals as intrinsic money of the world upon a fixed, efficient concord and coöperation between them, or their surrender to perpetual struggle, aggravating itself at every triumph of one over the other, and finally ending in that calamity which overtakes sooner or later those who care not to use the bounties of nature according to the gift and the responsibility of reason. I can see nothing valuable in the treatment of this subject which would leave the broken leash that so long held together these metals to be repaired by chance, or allow the contest to be kept up at the expense of that unity, concord, common advantage, and general progress among nations, which are the ideal and the hope, the pride and the enjoyment of the age in which we live."

By general consent the Senate laid aside its bill for one to the same end which had been passed by the House.

This bill had been originally prepared by William Windom, Secretary of the Treasury. It was introduced in the House on January 20, 1890, by Edwin H. Conger [Ia.], and referred to the Committee on Coinage. A substitute for the bill was reported by Mr. Conger on March 26. It came up for discussion on June 5.

It directed the Secretary of the Treasury to purchase $4,500,000 of silver bullion every month at the market price, not exceeding 371.25 grains per dollar, and to pay for same treasury notes of a new issue. These notes were to be redeemable in coin on demand, or, at the discretion of the Secretary, in silver bullion at the market

price and be legal tender for all debts public and private, and when received for customs, etc., to be reissued. They could be held by national banks as their reserve. The silver purchase clause of the act of February 28, 1878, was repealed. When the price reached $1 for 371.25 grains, silver bullion was to be admitted to unlimited coinage. National bank balances in the treasury were to be covered into it as a miscellaneous receipt, and all national banknotes subject to redemption coming into the treasury were to be redeemed from the general cash and canceled. The act, however, did not relate to the 5-per-cent.-of-circulation national bank deposits in the treasury required by the act of June 20, 1874.

After considerable debate the substitute bill was amended by suspending silver purchases in the event of free coinage becoming operative, and was passed on June 7 by a vote of 135 to 119, the nays being almost all cast by the Democrats. Before the passage of the bill Richard P. Bland [Mo.] moved to recommit it, with instructions to the committee to bring in a free silver bill. This was defeated by a vote of 116 yeas to 140 nays.

The Senate referred the bill to the Committee on Finance, the chairman of which, Senator Sherman, on June 11, reported it with amendments. It was debated at considerable length.

On June 16 Senator Daniel discussed the Senate amendments.

The Senate Finance Committee strikes out the provision in section 2 that treasury notes shall be a legal tender. I had thought at first that it was necessary to have these notes as legal tender, but I do not see that it is at all indispensable that they should be, in the light of the fact that the dollar or its equivalent is in the treasury, can be obtained on demand, and that it is a legal tender; still it is best to make them legal tender.

The Finance Committee also recommends the striking out of the bullion-redemption feature. That seems to me entirely wise, and, indeed, indispensable to the building up of the value of silver and to the establishment of a sound currency. It has been very well shown in one of the speeches made upon this subject that if you allow the bullion to be put in the treasury, the

treasury notes issued for it, and then the treasury notes to be carried back and bullion to be issued for them, the same quantity of bullion may flow to and fro for an indefinite time and extent, and that there will be no absolute assurance of the extension and expansion of your currency.

It also strikes out the free coinage of silver when silver shall come to par. It seems to me that this is a very unwise and unsuitable provision. It has always been contended that silver ought to be freely coined when it shall come to par, and it is curious that when we are taking measures to bring it to par a clause should be stricken out of the bill which authorizes free coinage when that "consummation, most devoutly to be wished," has been attained.

This bill also provides that at the end of five years its operations shall cease. I cannot see any need at the present time for a provision that we shall at any particular future day reverse a policy which we are now inaugurating. It may be that at the end of five years such a thing would be wise, and it may be that it would not be wise, and how can we undertake at the present time to forecast so long a track of years, especially as the currents of our financial history have taken an erratic course unexpected by our finance ministers? Why should we undertake to anticipate so long a track of time and announce a policy which might then be unwise and fatal?

On June 17 Edward O. Wolcott [Col.] opposed the bill.

The recommendations of the Secretary, largely followed in the House bill before the Senate, strike viciously at the interests of silver. The act of 1878 is infinitely preferable to the bill before us. Under that act we can at least have two millions a month of legal tender; and the whole purpose of the House bill seems to be to degrade and debase silver, and to make it a commodity, ranking it with the baser metals, and to forever prevent its again taking its place as a standard of value. Some amendments appear to be submitted by the Finance Committee, but while they eliminate one of the objectionable features, the bullion-redemption clause, other obnoxious clauses are retained and a curious amendment is added, concerning which I hope some explanation will be made. Why is the law to cease and terminate at the end of ten years? Instead of encouraging other nations to adjust their monetary system in harmony with ours, we give them notice that this increased silver coinage is a temporary device, expiring by its own limitation, and much of any good effect of the law is immediately destroyed.

Such are some of the difficulties under which the friends of silver have labored; but, though we have much to contend with, we are by no means hopeless. A bill for the free coinage of silver will some day become a law. Administrative influence is strong and far-reaching; the inducements it can offer are great, very great. Its friends, when it has any, are supposed to bask in the sunshine of executive patronage; those who, although of the same political faith, cannot agree with it must sit in outer darkness. Cabinet officers with patronage, soliciting support to a Government measure, are almost omnipotent, but not quite. We do not despair. The large majority of Senators on the other side were uninfluenced by the utterances of the last Chief Executive; a number of the Senators on this side of the Chamber feel able to form their own opinions. A bill for free coinage will become a law because the country is in favor of it, and in the end the wishes of the majority govern, notwithstanding the personal desires and efforts of the Executive. The measure is of vast importance; of far greater importance than a new election law, an anti-gerrymandering law, or a tariff law. So great are the interests involved that, in view of them, party lines are obliterated and forgotten, and the South and the West meet on common ground, animated by a common and patriotic purpose. [Applause in the galleries and on the floor of the Senate.]

The committee amendment to strike out the legal-tender quality of the new treasury notes was rejected in the Committee of the Whole by a vote of 14 yeas to 50 nays. The amendment to give the Secretary of the Treasury discretion to exchange bullion for these notes was rejected by a vote of 16 yeas to 46 nays. The amendment limiting the life of the bill was rejected by 4 yeas to 64 nays.

Senator Plumb then offered an amendment declaring the standard silver dollar to contain 412.5 grains and the gold dollar 25.8 grains, and making both full legal tender and admitting gold and silver to free coinage. This was passed, amid applause in the galleries, by a vote of 43 to 24.

Senator Teller then offered an amendment making all gold and silver certificates full legal tender. This was adopted by a vote of 34 to 22. The Senate then

adopted the amendments made in the Committee of the Whole by a vote of 41 to 26, and the bill was passed by a vote of 42 to 25.

The House refused to concur in the Senate amendments, and a conference was appointed, which reported on July 7. The majority of the committee, consisting of Senators Sherman and John P. Jones, and Representatives Conger and Joseph H. Walker [Mass.] reported a substitute measure directing the purchase of silver bullion to the aggregate amount of 4,500,000 ounces, or so much thereof as might be offered in each month, on the terms of the original Senate bill.

The treasury notes issued for the purchase were to be full legal tender, lawful for national bank reserves, and redeemable at the treasury in gold or silver coin at the discretion of the Secretary of the Treasury, "it being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law."

Two million ounces of silver bullion were to be coined each month until July 1, 1891, and as much thereafter as was necessary to provide for the redemption of the said treasury notes.

The silver purchase clause of the act of February 28, 1878, was repealed.

The clause of the original Senate bill, providing for the redemption of national banknotes, was retained.

On July 8 the new bill came up in the Senate for discussion.

George G. Vest, of the conference committee, made a minority report.

I want to state, sir, very briefly the reasons why I shall not vote for the bill reported by the committee of conference.

A large majority of the Senate declared in favor of the free coinage of silver. We have now a conference report which absolutely gives away all idea of free coinage, and in my judgment continues, and is intended to continue, the system under which silver has been persistently and consistently degraded since 1873. There will be no contradiction of the assertion from any

intelligent source that the Treasury Department has been governed by the principle and upon the idea that, until silver came to a parity with gold, silver should not be paid out upon the bonded indebtedness of the United States. So often in the debate has evidence been given of the hostility of the Treasury Department under both Democratic and Republican administrations to the paying out of silver, as of gold, to the public creditors, that it would be simply a senseless repetition to go through that evidence again.

Mr. President, I, as much as any Senator here, am anxious to see an absolute parity between the two metals as money metals. I should like to see the time in this country when 16 ounces of silver will purchase an ounce of gold, and an ounce of gold continue as at present to purchase 16 ounces of silver. But, I repeat, the idea which has governed the gold party and the treasury of the United States through all the past years since this struggle commenced has been that until silver came to a parity with gold it should not be paid out to the public creditors.

I assert here now, as I asserted in the debate out of which has come this conference report, that, so long as the Government of the United States by legislation and the action of its public officials makes a discrimination between the two money metals, so long will silver continue to trail behind gold and gold will govern the price and value of silver.

Now, I call attention to the concluding part of section 2 of this conference bill:

It being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law.

Why was that declaration put in this report? Why was that stump speech injected into the stomach of this bill? It was done, as we all know, for the purpose of saying to the Treasury Department, "Until silver comes to a parity with gold you shall pay out gold, and the public business of the country shall be conducted upon a gold basis." I, for one, will never vote to maintain and continue that idea and that practice in the monetary affairs of the country.

I was under the impression, sir, that the whole struggle was upon the idea that free coinage, with fair play to gold and silver, without discrimination against one and in favor of the other, should prevail, and that the Senate so voted; and here we have a report which absolutely does away with that idea

and puts us back to the old régime under which silver has continually gone down and has been supplanted by gold exclusively.

Again, sir, I never was a silver man in order to furnish a market for the silver miners of the West. I am against that bounty and that subsidy to silver mines as I would be against one to ships, or wheat, or corn, or any other commodity in this country at the expense of the interests of the rest of the people. It may be that this bill will give a market to silver and to the men who mine it, but the principle for which we fought, that the two metals should be alike, that they should have the same free and open play in order to determine their value, has been given away in this report absolutely and completely, in my judgment.

But there is another objection to this bill, and if there were no other I would not vote for it. The first section of the bill has language in it never found before in any similar measure in regard to silver.

The Secretary of the Treasury is directed to purchase 4,500,000 ounces at the market price when offered. No such language has ever been found in any silver bill before. The Bland bill, which was a tentative measure, which did not satisfy the demands of the country or the friends of silver, but was the best that could be obtained at the time, was mandatory, and directed the Secretary of the Treasury to purchase silver, and he was obliged to do it, in quantities not less than $2,000,000 worth a month. But here is a direction to him to purchase at the market price "when offered." Who makes that market price? Who is to be the judge of it? It is left to the nebulous and uncertain discretion of the Secretary of the Treasury, and we know what that means. We know from the past, from the influences that have controlled the Treasury Department, what will be done. It is useless to tell us this bill will be carried out in any other way than in which past legislation in regard to the currency has been carried out, in the interest of gold and against silver.

Sir, for these reasons I shall not vote for this conference report.

SENATOR SHERMAN.—The House of Representatives after full consideration sent to us a bill. It came to the Senate.

The Senate ingrafted upon it the principle of free coinage, together with some other provisions, changing the character of the House bill. Indeed, the Senate made a substitute for the House bill, embodying no part of the House bill except a single

section relating to the national banks. In this condition the two bills went before the committee of conference. The House of Representatives had by a decided vote, which I need not repeat, determined against the free coinage of silver, and the question then arose whether the two Houses could be brought to an agreement upon a proposition based upon both bills, embodying both, but omitting the free coinage of silver. That was the problem to be solved.

Now, what did we do? In the first section of the bill proposed by the conference committee we have changed somewhat the language of the first section of the House bill; we have increased the amount of silver to be purchased. We have placed, much to my regret I must confess, in this bill a larger amount than the entire production of American silver. We have made it mandatory, not permissive, but mandatory, upon the Secretary of the Treasury to buy four and a half million ounces of silver a month, which, at the full price that the friends of this bill believe it will attain ($1.29 at the ratio of 16 to 1), will purchase in a year something like $70,000,000 worth of silver bullion and will cause the issue of $70,000,000 of treasury notes per annum.

The majority of the Senate conferees insisted upon that because that was the limit that those who were in favor of free coinage sought to apply and demanded, and the House conferees with great reluctance yielded that point. The House had proposed the purchase of four and a half million dollars' worth per month, which would be a considerably less sum. That was finally yielded.

Now, in respect to the words "the market price thereof," that language is in every bill that ever authorized the Secretary of the Treasury or any other officer to buy anything. As a matter of course, the market price, not the fictitious value, is the only basis of the purchase. Those words are contained in the present Bland law and in every law on the subject. But it was said with a great deal of force that, as we propose now to buy more than the entire production of domestic silver, the Secretary should not be required to purchase unless the silver was offered to him, and that limitation (although I believe it is scarcely a limitation at all) was applied that he should not be bound to purchase that which was not offered. The rest of that section, I believe, is substantially like the House bill as sent to us.

As to the last clause of the second section, this was the proviso insisted upon strongly by the House conferees:

Provided, That, upon demand of the holder of any of the treasury notes herein provided for, the Secretary of the Treasury may, at his discretion and under such regulations as he shall prescribe, exchange for such notes an amount of silver bullion which shall be equal in value at the market price thereof on the day of exchange to the amount of such notes presented.

The House conferees finally yielded upon the Senate conferees proposing the following as a substitute, which is a declaration of public policy to abandon this mode of redemption:

That, upon demand of the holder of any of the treasury notes herein provided for, the Secretary of the Treasury shall, under such regulations as he may prescribe, redeem such notes in gold or silver coin, at his discretion, it being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law.

This declaration of public policy has been announced from the beginning of the Government to this hour. There never has been a time when this proposition would not have received the sanction of both Houses of Congress. Hamilton and Jefferson acting together agreed upon the bimetallic standard, upon the coinage of the two metals, upon the parity of the two metals, and they sought to ascertain that parity by a long and careful examination. So from time to time all our legislation has pointed in that direction, to maintain the parity of the two metals; and the House conferees being satisfied with the declaration of this policy abandoned the clause that they had insisted upon, and this was adopted.

Then another difficulty arose. It was said that, as the present silver certificates represented all the silver dollars now in the treasury, there was no mode by which the Secretary of the Treasury could pay these notes if payment was demanded. It was supposed that in all probability it would not be demanded; but that was not a sufficient answer, because the law itself contemplated that a demand might be made for the redemption of these notes. Therefore, the committee provided that the present coinage of 2,000,000 of ounces, and they made it ounces instead of $2,000,000 worth, 2,000,000 ounces should be coined for one year so that the Secretary might have a fund of about $30,000,000 on hand available for this purpose, with the power and direction to coin more, if necessary, out of the silver bullion in hand.

DANIEL W. VOORHEES [Ind.].—What is the spectacle presented here in this body? I am amazed at the hardihood of

Senators who stand up in this body to take back all we said and all we did and all we voted for within the last three or four weeks. Seventeen majority of the Senate of the United States is treated as chaff—one-fifth of this body was embodied in a majority on this subject—seventeen majority for the free coinage of silver, and the representatives of this body on the conference committee have treated that expression as idle, and it is to go for naught!

My word for it, the American people, those who labor, those who toil, those who delve, those who sow, those who reap and mow, will not consider this action on the part of the Senate a few weeks ago as idle or as not binding. I think I know better why the people of this country in their trouble and distress lifted up their hands and looked this way, and they breathed a little freer when they saw that the Senate of the United States, that body so often spoken of and derided for its conservatism and its want of progress, had gone so far on a measure of relief for the laboring people. They rejoiced at it, and in the last three weeks, while this measure has been pending in the committee of conference bound up in doubt, more expressions in the way of petitions, and letters, and the like have reached here than even during the discussion that was on.

I repeat, sir, that something was done which cannot be taken back; and, if the men who compose the majority of this body for free silver and free coinage the same as gold, the same as it was when our fathers expanded this country, and the same as it was before the fraud and treachery that destroyed it in 1873, are willing to undo their work and vote that majority is null and void, I shall be utterly astounded; I shall be utterly amazed.

Ah, sir, some one says there is something gained by the monthly purchase of 4,500,000 ounces of silver. Yes, sir, at a market price which can be fixed by the Secretary of the Treasury, to the extent that it may be offered upon the market.

These notes are to be redeemed in gold or silver according to the discretion of the Secretary, leaving him the power to discriminate against silver and degrade and disgrace it; and other discretions could be pointed out which I will not take the time to do, but I say here to the owners of silver mines, I say to the Senators from silver States, that I am not here for the purpose of making a market for your commodity; I am not here for the purpose of selling the products of your mines; I am here in behalf of the dignity of the dollar of the fathers; I am here in behalf of silver as money, not as a salable or purchasable commodity.

SENATOR JONES [Nev.].—I should like to ask the Senator from Indiana how he would have those notes redeemable, by specifying one metal or giving the option to the Secretary of the Treasury to redeem in either?

SENATOR VOORHEES.—Yes.

SENATOR JONES.—Would the Senator like to have them redeemable solely in silver or solely in gold?

SENATOR VOORHEES.—I know the Senator's real mind. He believes that the silver dollar is as good as the gold dollar, and that it ought to be so, and so recognized; and, that being the case, let me ask him why should there be any discretion left to the Secretary which he will pay out? Let him pay both; let him pay either. It is money that he is to pay. It makes no difference, if one is as good as the other, whether he pays with a gold or a silver dollar.

SENATOR JONES.—In order to pay both or either he must have the discretion which this bill gives him.

SENATOR VOORHEES.—I thought it would be long before I would come in conflict with the honorable Senator from Nevada. I learned my lesson when I first entered this body under his teaching in behalf of the silver dollar. If he has changed his views I have not changed mine. If he has other views, I have the same that I have had for years, and with which I will go back to the people who have honored me with a seat in this body.

Mr. President, it was well pointed out by the able Senator from Texas [Mr. Coke] that after July, 1891, there is no compulsion in this bill to coin any silver.

There is a discretion after July 1, 1891, where silver can be discriminated against.

Mr. President, I will not say that this bill is a cheat, I will not say it is a fraud, because of the presence I am in, but under its malign influences I will say that silver instead of reviving as a currency, instead of being more potent as a factor for the people's prosperity, will wither, shrink back, and take its place as a miserable commodity instead of being clothed with the dignity of money.

Sir, the Senator from Ohio [Mr. Sherman] was inaccurate in another statement. He said this bill had passed the House of Representatives after full consideration. I deny it; I utterly deny it. I assert here that, if the bill had had free way without the tyranny of existing circumstances, 40 majority would have marked the passage of a free-coinage measure in the House of Representatives. The people are behind the measure, and when

they are you will generally find members of Congress going for it. If the Senators here who represent little States on the Atlantic coast, whose constituents are interested in the scarcity of money so that their investments may be more valuable and the purchasing power of money great over property and labor, think there is hostility in the great mind of the American people to the free coinage of silver, they are mistaken. Let them cross the Alleghanies and go into the great valleys of the West; go into the great laboring and mining regions of this country up in Wisconsin and everywhere else, and you will find that the people who produce the greatness of this country by labor are in favor of a free-coinage measure.

I deny that it has had full consideration in the other House. It did have full consideration in this body. I took but little part in it. I saw that everything was going on well, and I rejoiced when 17 majority pronounced in favor of the free coinage of silver, and it is a day of shame and degradation, in my judgment, when that majority is wiped out by the report of the committee of conference, and the Senate is asked to recede, to retrograde, to go back, to leave the whole question to the hostile Treasury Department, to see what will become of it.

I shall not vote for this bill. I shall vote for no such bill, unless it should be as a choice of evils. I was going to say that I would vote for no bill except one for the free coinage of silver. I will vote for any bill that betters the present law; but I agree with the Senator from Texas [Mr. Coke] that this is not an improvement upon the present law. On the contrary, it makes the situation more vague, more uncertain, leaves the Secretary more discretion, and consequently involves the people's interests in more doubt.

Senators Teller, Stewart, John P. Jones, and Plumb supported the conference bill as the best that could be obtained under the circumstances, and as leading in the direction of free coinage.

The report was concurred in by the Senate by a vote of 39 to 26. The House on July 12 passed the bill by a vote of 122 to 90. President Harrison approved it on July 14, 1890.

CHAPTER VI

REPEAL OF THE SHERMAN SILVER PURCHASE ACT

The Panic of 1892-3—The President Calls Congress in Special Session—His Message on the Repeal of the Sherman Act—William A. Wilson [W. Va.] Introduces in the House a Bill to This Effect—Debate: Isidor Rayner [Md.], Jason B. Brown [Ind.], Richard P. Bland [Mo.], Michael D. Harter [O.], Joseph C. Hendrix [N. Y.], Joseph W. Bailey [Tex.], Charles H. Grosvenor [O.], Samuel W. McCall [Mass.], William J. Bryan [Neb.], Jerry Simpson [Kan.], Champ Clark [Mo.], William D. Bynum [Ind.], Joseph G. Cannon [Ill.], James G. Maguire [Cal.], Tom L. Johnson [O.], Henry C. Snodgrass [Tenn.], Lafe Pence [Col.], Julius C. Burrows [Mich.], Jonathan P. Dolliver [Ia.], Thomas B. Reed [Me.], John M. Allen [Miss.], W. Bourke Cockran [N. Y.], Mr. Wilson, Charles A. Boutelle [Me.]; Bill Is Passed—In the Senate Daniel W. Voorhees [Ind.] Reports Amended Bill from the Committee on Finance—Speech: in Favor of Repeal by John Sherman [O.].

THE industrial and financial distress of the country beginning in the summer of 1892 took on the proportions of a panic in 1893. In July the gold reserve in the treasury sank below $100,000,000 for the first time, marking, if not the precipitation of the storm, at least that point on the financial barometer which signified settled bad weather.

The storm area was nation-wide; in the course of the year more than three hundred banks suspended payment, causing many bankruptcies in business; and hundreds of factories shut down, with consequent widespread distress among workingmen.

Nevertheless, chiefly through the liberal appropriation made by Congress, and the prosperity of the farmers, whose crops were abundant, although prices were low, the Columbian Exposition at Chicago (May 1-October 30, 1893), in celebration of the discovery of America, was a success unprecedented in the history of international exhibitions.

Demands came from industrial and commercial organizations all over the country to President Cleveland to call Congress together to repeal the Sherman silver purchase law, which was held by many financiers to have caused the panic, and to stand in the way of its abatement. In response to these appeals he summoned the new Congress to meet in special session on August 7.

DELIVERANCE AT HAND

Cartoon by Ehrhart in "Puck"

The political complexion of the Fifty-third Congress may be inferred from the reëlection of Speaker Charles F. Crisp [Ga.], Democrat, by 213 votes to 121 cast for Thomas B. Reed [Me.], Republican, and 7 cast for Jerry Simpson [Kan.] People's Party.

On August 8 a message from the President was read.

REPEAL OF THE SHERMAN LAW

PRESIDENT CLEVELAND

Our unfortunate financial plight is not the result of untoward events nor of conditions related to our natural resources; nor is it traceable to any of the afflictions which frequently check national growth and prosperity. With plenteous crops, and with satisfactory assurance to business enterprise.

suddenly financial distrust and fear have sprung up on every side. Numerous moneyed institutions have suspended because abundant assets were not immediately available to meet the demands of frightened depositors. Values supposed to be fixed are fast becoming conjectural, and loss and failure have invaded every branch of business.

I believe these things are principally chargeable to congressional legislation touching the purchase and coinage of silver by the general Government.

This legislation is embodied in a statute passed on the 14th day of July, 1890, which was the culmination of much agitation on the subject involved, and which may be considered a truce, after a long struggle, between the advocates of free silver coinage and those intending to be more conservative.

Undoubtedly the monthly purchases by the Government of 4,500,000 ounces of silver, enforced under that statute, were regarded by those interested in silver production as a certain guaranty of its increase in price. The result, however, has been entirely different, for immediately following a spasmodic and slight rise, the price of silver began to fall after the passage of the act, and has since reached the lowest point ever known.

This law provides that in payment for the 4,500,000 ounces of silver bullion which the Secretary of the Treasury is commanded to purchase monthly, there shall be issued treasury notes redeemable on demand in gold or silver coin, at the discretion of the Secretary of the Treasury, and that said notes may be reissued. It is, however, declared in the act to be "the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio or such ratio as may be provided by law." This declaration so controls the action of the Secretary of the Treasury as to prevent his exercising the discretion nominally vested in him, if by such action the parity between gold and silver may be disturbed. Manifestly a refusal by the Secretary to pay these treasury notes in gold, if demanded, would necessarily result in their discredit and depreciation as obligations payable only in silver, and would destroy the parity between the two metals by establishing a discrimination in favor of gold.

The policy necessarily adopted of paying the notes given for bullion purchases in gold has not spared the gold reserve of $100,000,000 long ago set aside by the Government for the redemption of other notes, for this fund has already been subject to the payment of new obligations amounting to about

$150,000,000 on account of silver purchases, and has as a consequence, for the first time since its creation, been encroached upon.

We have thus made the depletion of our gold easy, and have tempted other and more appreciative nations to add it to their stock. The excess of exports of gold over its imports for the year which ended on June 30, 1893, amounted to more than $87,500,000.

Between the 1st day of July, 1890, and the 15th day of July, 1893, the gold coin and bullion in our treasury decreased more than $132,000,000, while during the same period the silver coin and bullion in the treasury increased more than $147,000,000. Unless Government bonds are to be constantly issued and sold to replenish our exhausted gold, only to be again exhausted, it is apparent that the operation of the silver-purchase law now in force leads in the direction of the entire substitution of silver for the gold in the Government treasury, and that this must be followed by the payment of all Government obligations in depreciated silver.

At this stage gold and silver must part company and the Government must fail in its established policy to maintain the two metals on a parity with each other. Given over to the exclusive use of a currency greatly depreciated according to the standard of the commercial world, we could no longer claim a place among nations of the first class, nor could our Government claim a performance of its obligation, so far as such an obligation has been imposed upon it, to provide for the use of the people the best and safest money.

If, as many of its friends claim, silver ought to occupy a larger place in our currency and the currency of the world through general international coöperation and agreement, it is obvious that the United States will not be in a position to gain a hearing in favor of such an arrangement so long as we are willing to continue our attempt to accomplish the result single-handed.

The knowledge in business circles among our own people that our Government cannot make its fiat equivalent to intrinsic value, nor keep inferior money on a parity with superior money by its own independent efforts, has resulted in such a lack of confidence at home in the stability of currency values that capital refuses its aid to new enterprises, while millions are actually withdrawn from the channels of trade and commerce to become idle and unproductive in the hands of timid owners. Foreign investors, equally alert, not only decline to purchase American

securities, but make haste to sacrifice those which they already have.

The people of the United States are entitled to a sound and stable currency and to money recognized as such on every exchange and in every market of the world. Their Government has no right to injure them by financial experiments opposed to the policy and practice of other civilized states, nor is it justified in permitting an exaggerated and unreasonable reliance on our national strength and ability to jeopardize the soundness of the people's money.

This matter rises above the plane of party politics. It vitally concerns every business and calling and enters every household in the land. At times like the present, when the evils of unsound finance threaten us, the speculator may anticipate a harvest gathered from the misfortune of others, the capitalist may protect himself by hoarding or may even find profit in the fluctuations of values; but the wage earner—the first to be injured by a depreciated currency and the last to receive the benefit of its correction—is practically defenceless. He relies for work upon the ventures of confident and contented capital. This failing him, his condition is without alleviation, for he can neither prey on the misfortunes of others, nor hoard his labor. One of the greatest statesmen our country [1] has known, speaking more than fifty years ago, when a derangement of the currency had caused commercial distress, said: "The very man of all others who has the deepest interest in a sound currency and who suffers most by mischievous legislation in money matters is the man who earns his daily bread by his daily toil."

It is of the utmost importance that such relief as Congress can afford in the existing situation be afforded at once. The maxim, "He gives twice who gives quickly," is directly applicable. It may be true that the embarrassments from which the business of the country is suffering arise as much from evils apprehended as from those actually existing.

It was my purpose to summon Congress in special session early in the coming September that we might enter promptly upon the work of tariff reform, which the true interests of the country clearly demand, which so large a majority of the people as shown by their suffrages desire and expect, and to the accomplishment of which every effort of the present Administration is pledged. But while tariff reform has lost nothing of its immediate and permanent importance, and must in the near future engage the attention of Congress, it has seemed to me that the

[1] President Cleveland refers to Daniel Webster.

financial condition of the country should at once and before all other subjects be considered by your honorable body.

I earnestly recommend the prompt repeal of the provisions of the act passed July 14, 1890, authorizing the purchase of silver bullion, and that other legislative action may put beyond all doubt or mistake the intention and the ability of the Government to fulfill its pecuniary obligations in money universally recognized by all civilized countries.

Congress sat until November 3. The chief subject of debate was repeal of the Sherman silver purchase act.

Repeal of the Sherman Act

House of Representatives, August 10-26, 1893

On August 10, 1893, William L. Wilson [W. Va.] introduced in the House a bill to repeal the silver purchase clause of the Sherman act of July 14, 1890. The bill declared that the repeal

"shall not impair or in any manner affect the legal-tender quality of the standard silver dollars heretofore coined; and the faith and credit of the United States are hereby pledged to maintain the parity of the standard gold and silver coins of the United States at the present legal ratio, or such other ratio as may be established by law."

Richard P. Bland [Mo.] offered a resolution that the votes on the amendments and the bill be taken in the following order:

The vote shall be taken first on an amendment providing for the free coinage of silver at the present ratio. If that fail, then a separate vote to be had on a similar amendment proposing a ratio of 17 to 1; if that fails, on one proposing a ratio of 18 to 1; if that fails, on one proposing a ratio of 19 to 1; if that fails, on one proposing a ratio of 20 to 1. If the above amendments fail, it shall be in order to offer an amendment reviving the act of the 28th of February, 1878, restoring the standard silver dollar, commonly known as the Bland-Allison act; the vote then to be taken on the engrossment and third reading of the bill as amended, or on the bill itself if all

amendments shall have been voted down, and on the final passage of the bill without other intervening motions.

On this motion Mr. Bland called for the previous question, which was adopted by a vote of 219 to 99. The resolution was then adopted.

Isidor Rayner [Md.] opened the debate with a speech in favor of repeal.

I am in favor of an unqualified repeal of the purchasing clause of the Sherman act, without any conditions or provisos whatever. I am not in favor of purchasing another ounce of silver, or of coining another dollar of it, either at the present ratio or at any other ratio that we can practically determine upon. Now, in saying this, I desire to add that I have no hostility whatever to the use of silver upon a proper basis as circulating medium; but with all the careful consideration I have been able to devote to this subject I am convinced beyond all doubt or question that its recognition by coinage, except upon international agreement, is a financial undertaking utterly impossible of accomplishment except at risk of ruin and disaster.

The proposition that I had occasion to maintain in this House before, and that I again assert with all the emphasis I can, is that in my humble judgment the present ratio is unjust and arbitrary, rendered so by conditions that did not exist at the time of the demonetization of silver, in 1873; and that it lies not within the power of this Government, strong as it is, to corner the silver product of the mines to keep up the price upon a constantly declining market, to impress upon it a fictitious value, and by legislative decree compel the people to take it at a price in utter disproportion to the figure that it bears in every commercial center of the world.

The universal experience of history, the action of every sound and solvent government, teach us that if we continue in this mad attempt to equalize that which is unequal, to appreciate a metal that is continually depreciating, to fix a standard for a coin that for over twenty years never has had a fixed value, but has fluctuated with every new acquisition from a premium in 1873 to a decline at this hour of almost one-half of its coinage value.

If this desperate system of finance, with nothing to justify it, with almost the whole intelligence of the country against it, with nothing in its track except disaster and ruin, is to prevail, then, in my opinion, until the day of a better judgment shall

come, we might as well retreat from the lofty position we have occupied in the confidence of mankind, and, descending, lock hands with every bankrupt government of the earth that believes in the manufacture of wealth at government mints, in cheap money, in broken contracts, and in repudiated debts, and so believing have by reason of their faith been excommunicated as heretics from the roll of civilized communities and banished from the field of honor.

I am aware of the fact that many of my colleagues, for whose opinions I entertain the greatest respect, assert, and it has been freely charged that the decline in the price of silver has been caused by its demonetization at the American mints and by what is constantly called a "conspiracy" to destroy it as a circulating medium among the governments of Europe. I deny this proposition, and the statistics will not sustain it. It may be true that the free coinage of silver at the mints would tend for a time to keep up the fictitious standard of the coin, but the value of the bullion would always be controlled by the market price, it would fluctuate.

Like every other commodity, it would be governed by the laws of supply and demand, and eventually, according to every accepted axiom of political economy, the coinage price would become the bullion price; the unit of value would be the market value; the money basis would be the basis of the cheaper metal; the dearer metal would leave the avenues of trade; inflation would give way to panic; private obligations would be nullified; public obligations would be discredited, and the honor of the nation would be impaired.

Now, it is claimed that what we require in this country is a system of bimetallism, a bimetallic standard—that is to say, the free use of both gold and silver at the Government mints. But, Mr. Speaker, we will never have this until the commercial nations of the earth agree upon a proper ratio, and just so long as the Sherman act remains upon the statute book so long is an international ratio a financial impossibility. So long as we purchase silver and part with gold, so long will monetary conferences result in failure. When we cease purchasing silver and proclaim to the world that the gold dollar is the standard and the unit of American value, then we can bring our rivals to terms, because, in my opinion, there is not a sufficient amount of gold in existence to supply the demands of commerce and the necessities of the world's circulation. [Applause.]

So long as the treasury continues to act as a pawnbroker's shop for the benefit of the Colorado and Nevada mines, so long

will Great Britain and Germany refuse to appreciate the collateral securities that we hold in our vaults; but when a silver certificate can be redeemed at par and a silver dollar is intrinsically worth the inscription that it bears, then we can proudly and defiantly meet them upon the field of finance without the slightest sacrifice of the stability of our currency or the slightest surrender of our honor as a nation. [Applause.]

Now, let us look for a moment at the arguments that have been used upon the other side. First, it is claimed that the coinage of silver will make money more abundant. How will it do this? Who will get this money? When a Colorado mine owner sends $600 worth of silver to the mint and the mint returns him a thousand silver dollars for it, who gets a thousand silver dollars? Do the people get it? Does it increase the wages of the miner who has dug the silver from the earth? I expect not. I expect that the only persons who will profit by this iniquitous transaction will be those who sell the silver and control the product. Now, I ask the Democracy of this House whether they are willing to stimulate an enterprise of this sort that deliberately robs the people to enrich a particular class who monopolize the mines. We who have never favored class legislation, are we prepared to lock hands with a few silver States to the utter ruin of the balance of our country? If more money is needed, can we not increase our currency upon a legitimate basis? Is there no method known to the ingenuity of man besides a device of this sort to enlarge the circulating medium of the country?

But it is said, if we do this and coin silver at the present ratio, the price of silver will be raised to the coinage value. What a shallow pretext that is! A schoolboy would be ridiculed if he asserted any such proposition as this in any college of the land. If the fiat of the Government can create values, what right have we to select silver and convert it from a commodity into a coin? Well, it is claimed that this should be done because the Constitution says so. Now, we all have a Constitution before us. Point me to the clause that says so. You cannot do it because it is not there. Not a word about a ratio, not a word about the coinage of either gold or silver for the Government of the United States. Yes, but it is said it will raise prices. I am not in favor of raising prices, on general principles. But how will cheap money raise prices? Is not the producer a consumer when he sells? Will he not be compelled to buy?

Now, Mr. Speaker, there is only one thing that it will do, and I admit that it will accomplish that. It will allow the

debtor to scale his debts. It will be a weapon in the hands of a dishonest borrower to break his contract and pay his creditor in a coin different from the one that was impliedly contracted for. To such an arrangement as this I am unalterably opposed, and I would stand here and let every species of legislation go by default before I would favor any system that would sow dishonor through the land, that would humiliate us in the eyes of mankind, and that would cover us with shame in every portion of the country where justice is respected and honor prevails.

One word more before I conclude. I can go to the treasury to-day and contract with the Government of the United States to furnish it a better dollar than the Government is coining—a dollar with far more silver in it and better silver in it; and I can make an enormous profit out of the operation. But what would become of me if I should undertake to provide such a dollar? I should be indicted and convicted and sent to the penitentiary. This shows what sort of a system of finance this Government is conducting, when it sends a man to the penitentiary for giving the people a better dollar than the Government itself is coining.

I ask what earthly right have the silver mine owners to haunt these halls demanding protection for their investment? Is the Government bound to guarantee to them a profit upon their enterprise? Is the Government in partnership with the mine owners? I deny it. Does the statute bind the Government of the United States to maintain the ratio of 16 to 1 when it ought to be 28 to 1? I deny it. There is no contract which is binding or valid which is not based on consideration and founded on mutuality.

But if there is a partnership, let it be forthwith dissolved, and in the decree of dissolution let there be a clause embodying the cardinal principle of governmental equity that we will never stamp a lie upon our coin to satisfy the greed or avarice of any section of the country or any set of men, no matter what may be their influence or how potent or powerful they may be. [Applause.]

A few months ago the Democracy, then in convention assembled, without a murmur of dissent from any quarter, in the most passionate terms denounced this measure, at the same time emphatically pledging the party to its speedy repeal. I am in favor of keeping this promise according to the strict letter of the instrument.

A MEMBER.—All of them?

MR. RAYNER.—Well, every one of them so far as they can be

kept. [Laughter and applause.] There was something said, I know, about the parity of the two metals, but you cannot keep the two metals, silver and gold, on a basis of absolute parity without an international conference. You cannot maintain a double standard in the Government of the United States in the face of the action of every other civilized government upon the face of the earth which has adopted the gold standard. That portion of the platform cannot be carried out, but you can take a step in the direction of it, and, if you cannot make your promise good, do as the President has said, carry it out as far as you can.

I believe in forever striking from the tenets of our political creed the superstitious folly that a nation grows rich in proportion to the amount of worthless money it can coin. In place of this idolatry I would plant high up on our altars, so that all mankind could read it, the inscription that we cherish our honor as much as our liberty, and that we would sooner fall and perish than dishonor any of the obligations upon which has been emblazoned the emblem of the Republic. [Applause.]

Jason B. Brown [Ind.] declared that the Democratic platform contained an unqualified declaration for the repeal of the Sherman act, that its declaration concerning coinage was an entirely independent proposition. Therefore he supported the President in advocating the repeal, and would wait for his declaration on the subject of silver coinage before condemning or approving him.

Mr. Bland replied to Mr. Brown.

I regret that any gentleman on our side of the House should see proper to read in this presence one part of our platform and to retreat from that part, above all others, which contributed to the vote that gave him a seat in this House. I regret that any Western man should turn his face toward the East and his back to the West.

We understood, Mr. Speaker, what that platform meant. The whole Democratic party voted against the Sherman bill, and, so far as I am personally concerned, I did what little my ability permitted me to do to prevent its passage in this House; but the so-called Sherman law passed, and, a better law having been repealed by its passage, it is now the only law on the statute books looking to the use of silver as money in this country.

I know, Mr. Speaker, that the gold-standard elements, the

very elements that are in opposition to the free coinage of silver, secured the passage of that act. I knew they would demand its repeal the moment they saw the opportunity. A promise to repeal that act was put in the platform at Chicago, I suppose, to satisfy that element of the Democratic party that wants no law upon the statute book for the coinage of silver. But following that, and in the same paragraph, a part and parcel of it at least, was the promise made at Chicago by the Democratic party for the use of both gold and silver as money in this country, with equal privileges at the mints of our Government. And, speaking for myself and for the people whom I have the honor to represent, they understood at least that the free coinage of silver, in accordance with our platform, necessarily repealed the Sherman law; and it would. [Applause.]

Mr. Bland charged that the gold men had conspired in 1885 to bring about a panic in order to repeal the Bland act.

Some time in September or October, before the meeting of Congress, these generous bankers in New York, who say that they control the finances of this country, and what they demand must be acceded, made arrangement with the then Secretary of the Treasury by which they were to withdraw $10,000,000 of subsidiary silver coin and to place in the treasury of the United States $10,000,000 of gold, in order to secure and maintain gold payments, advertising to all the country that the bankers of New York had come to the relief of the Federal treasury with $10,000,000 of gold to maintain the public credit.

It was done, Mr. Speaker, to terrorize the people of this country and, if possible, to bring about a panic such as you have to-day, and they know it. And we met in something of a financial panic; not so severe as it is now, however. The whole country was stirred on the silver question. We met in Congress and the question was debated. The result of it all was the refusal to repeal the silver law by over a two-thirds vote of that House; and the panic vanished. That was the end of it. When they ascertained that the free people of this country, through their representatives, could not be driven as a herd of buffaloes on the Western plains into a panic, to trample themselves and those depending upon them, they ceased.

The howl against silver and the panic stopped. The country continued in its usual prosperity, whatever that may be. We kept on coining these 70-cent dollars, and no disturbance was

made of it, practically, for four years. The Democratic party in the House maintained it against all assaults. But when, unfortunately, our friends on the other side got the power they enacted another law, repealing the law of 1878.

That law, Mr. Speaker—the Sherman law—I denounced in an article in the *North American Review*, about two months after it was enacted, as a "Janus-faced" statute. A law that provided for the purchase of 4,500,000 ounces of silver bullion per month, on which treasury notes should be issued at the market rate of the purchases; that these notes should not be kept in circulation in excess of the cost price of the bullion; that the bullion was to be coined for the redemption of the notes, and that it further provided that in the discretion of the Secretary of the Treasury the notes should be redeemed in gold, in order to keep a parity between the two metals.

The face of the gold part of it was turned to the East—the gold standard; the other part, to redeem in silver, looked to the West; and if in the statute was included with the purchase of bullion and coining it into money the redemption of the notes in the resulting coin it would in some respects, at least, be in harmony with the idea of ultimate bimetallism. But I predicted in that article, with the Administration then in power, the purchase of silver would probably go on and the law be executed until after the next presidential election, and, if an Administration hostile to silver was elected, gentlemen who gave it their support would be very sick of their bargain.

Now, sir, we are asked here deliberately to repeal this law, and I want to call the attention of my friends on this side of the House, who proclaim themselves to be friends of free coinage at a reasonable ratio, and to ask them this question: Why do you gentlemen insist that you will repeal this law and send silver down probably 15 cents an ounce before you fix the ratio? Is that an act friendly to silver? Can any gentleman here face his free-coinage constituency and defend his vote subtracting from the value of silver 15 cents an ounce before he votes to fix the ratio? I dare him to undertake it. He cannot do it.

It may be convenient to follow the recommendations of the President, but the President does not elect the members of this House. We do not hold our commissions from the Executive, and I am afraid that, if some of us undertake to act here upon that line, when our present commissions expire we shall have all the leisure that we want to study the silver question in peace and quietness at home. [Laughter.]

The claim is not sincere that the President expects hereafter

to recommend bimetallism, for he does not do it in his message, and that claim misrepresents his position. He recommends the reverse. The concluding paragraph of the message means, if it means anything, that, after you shall have totally demonetized silver by repealing this Sherman act, you will be required to go further in the same direction; and I want you to watch the proceedings of Congress in these coming weeks of this extra session, or of the next regular session, to see whether I am right or not.

My prediction is that in order to carry out the recommendations of that message we shall be called upon to sell bonds to procure gold. For what? To redeem all our pecuniary obligations, according to the very language of that message in that money which is recognized by the principal nations of the world. Why did not the President say "gold"? [Laughter.] We know what his language means. [Laughter.] You are asked to load up the Federal treasury with gold, to redeem every pecuniary obligation of the Government with gold, although the standard silver dollar is the identical dollar on which bond obligations were based when they were issued, because they called for coin of the standard value at the time of their issue, and that was the standard.

But now, I repeat, we shall have to redeem all this bullion, all these Sherman notes, in gold; we shall have to sell bonds to get gold to redeem all our greenbacks, all our silver certificates, and we will be compelled to carry our silver dollars as so much dead weight of bullion in the treasury, so that we might as well dump them into the Potomac. That is what all this means. In other words, every piece of paper money issued in this country to-day, every silver certificate, every greenback, every bond, every Sherman note, is to be redeemed in gold, and we must procure the gold for their redemption.

What, then, are you to do with your silver bullion and with all your silver dollars, together about $500,000,000? They are to be demonetized as a base metal, and you know it. I am talking to intelligent gentlemen who have read that message, and there is not an intelligent gentleman here who has read it who can misunderstand it. Why should you go on, then, to try to deceive yourselves and your constituents on this subject? There is no silver in that message, and gentlemen on the other side will simply do themselves and the subject justice if, hereafter, in the course of their debate, they will leave silver out of it, because they are proposing a measure in which there is no consideration whatever for silver.

No legislation which we can enact here is going to relieve the

panic. This panic has been brought about for the express purpose of repealing this law; there is no question about that. We were threatened last winter with a gold premium. I stated then on this floor, and I state now, that there is no gold premium.

On the contrary, I believe the people are now paying a premium for silver and silver certificates. We were urged that we must issue more bonds, that if we did not we were to have a panic. All the newspapers of the East especially were advertising a panic if we did not issue bonds. We did not issue them. The Secretary of the Treasury was threatened with a panic if he did not comply with the demand, and he refused. Those who were interested in getting up this panic began to refuse loans, to cramp, to draw in currency. Many of the banks which had been engaged in booming real estate, or in other questionable transactions, and were consequently weak, began to fail.

Stocks called industrial stocks, that had been watered in Wall street, cordage trusts, lead trusts, whisky trusts, railroad stocks that had been watered, began to tumble down to something like reasonable rates, and you had a panic. Banks which were weak began to fail, and the people began a run on banks which were strong. The whole country became alarmed. People began to take their money out of the banks and put it into safe-deposit vaults or into their safes at home. It is said they ought to let their money remain in the banks. Well, probably they ought to do so; but what is the difference? The banks are afraid to let the money go out if they have it. Now, the panic has come; and those who conspired to bring it about have got more than they bargained for. The idea is that we can relieve this panic by the repeal of the Sherman law.

Why, Mr. Speaker, I say right here (and history will bear me out in the statement) that while there was some alarm in the country before, yet the moment the British Government demonetized silver in India, then the panic began in earnest—not before; that precipitated this panic in its present shape. In this way desolation was brought into many of the States of this Union, and workingmen who had before been prosperous and happy were by the thousands sent as tramps throughout the land.

All parts of the country have felt the effects. It is this fight upon silver that has precipitated this panic; and the repeal of the Sherman law will only intensify it, not relieve it. The panic will be relieved when everything gets so low that people see they can make money by buying; when they begin to buy prices will go up; and when everybody is buying money

will come from its hoarding places and you will have some relief. In no other way will relief come.

Gold is coming to us to-day. Notwithstanding we are told the people across the water are afraid to invest here for fear that we will not pay in gold, yet these people are sustaining prices to-day and sending here all the money that they can spare. There was a panic in gold-using Australia that has bankrupted that whole people and sent terror to the banks all over England. We know that gold cannot be obtained there except by paying for it; yet it is coming here.

Talk about a premium on gold; here is the treasury of the United States that is open to the plunder of every speculator in the civilized world. He can take his Sherman note or his greenback or any other Government currency there and get gold without cost. Did you ever notice the names of these gentlemen in New York who are shipping gold abroad, or bringing it back? Every one of those names that I have seen has a foreign termination; every one of those gentlemen, so far as I am advised, is an agent or branch bank of some bank across the water.

If you go to the Bank of England to get gold for export you must pay a premium on it; if you go to the Bank of France to get gold for export you must pay a premium on it. The case is the same with every other banking house in Europe; no gold can be obtained there without paying a premium. But here is the treasury of the United States professing to be so helpless that it cannot prevent every gold speculator from robbing the Government of its gold. Our treasury will not pay out the silver which it might pay. Why not pay out the silver when we have more of it than we have of gold, or pay out gold when we have more of it than of silver, and thus protect ourselves?

It is because the Administration is hostile to silver; and thus it is surrendering this country to the Shylocks of the Old World who have made war upon it. The aristocracy of western Europe has absolutely tabooed silver in those countries; driven it away from there. Here it finds its only resting place. The last fight for the white metal is to be made here in this country and in this House, my friends. Will you stand by it now, or will you let the Shylocks come and have their way? It is for you to determine.

What does free coinage of silver mean? It means that the holders of silver bullion, at some ratio to be fixed in the bill, and I want the present ratio, 16 to 1, maintained precisely as it is, may go to the mints of the Government and have it struck into the legal-tender money of the country and deposit the dol-

lars so coined, if the holder so desires, and have a certificate issued to him in place of it. It means that the silver of the world can come here in exchange for what we have to sell.

But they say that we will be flooded with the world's silver, that it will be dumped down upon us. Now, let us see about that for a moment.

With the billions upon billions of property existing in this country to-day, and being produced in this country every year, we simply offer to exchange that which we have in abundance on a basis of 1 pound of gold as the equivalent of 16 pounds of silver. No nation now, it is true, offers in exchange for silver the gold at any fixed ratio; consequently all the silver that is coined is used in the countries where it is coined. And why? Because no great power offers to exchange commodities for one metal or the other at any fixed ratio. That is the only trouble with silver to-day.

Now, it must be remembered that France gave an example to the world in this regard, having kept its silver on a parity with gold for a period of seventy years on a ratio of 15½ to 1. It said to the nations of the world, "Come with your gold and your silver, 15½ ounces of silver or 1 of gold, and you can buy all of our salable property in France and you can pay us in silver or in gold, just as you choose, on that basis."

What has made the manufacturers in Manchester, England, the strongest bimetallists in the world to-day? Simply the fact that they must sell their commodities in India for the India rupee. They are thus interested in the value of that silver rupee. They want to maintain it; and if all the manufacturing products of western Europe that are sent here and sold to us are sold for silver, as they must be, or gold at our ratio, do you not see how quickly you will convert them all to bimetallism? Thus you will segregate all the industrial inhabitants of western Europe from those who live on fixed incomes, the aristocracy, the bondholders, and the coupon clippers. That is all there is about it, and we want to segregate them.

The oppressed of the Old World are appealing to us to settle for the world this great question, and to settle it not for men who are seeking advantages in the stock markets, not for men who are seeking advantages in bondholding, in interest drawing, in money lending, in seeking to have money increase in value every day and every year, but for the great toiling and producing masses of the other countries as well as our own, for whom it is our proud province here to think about and to legislate.

Mr. Speaker, the contention that we lose our gold, and that

we have got to exchange gold for silver, does not hold good in the case of so rich and independent a country as ours. But a short time ago when you looked across the Alleghany Mountains you beheld the Western wilderness roamed only by the savage and the wild beast. To-day it is teeming with its millions of civilized people, the great Mississippi Valley, and when you cross the Mississippi you just begin to enter the great domain of this country of ours, for more than two-thirds of it lies beyond the Father of Waters.

And, Mr. Speaker, it is that two-thirds of our territory, rich as it is in gold and silver, embedded together in the same deposits, in the same mountains, so that you can not extract the one without extracting the other—it is that portion of our territory that would give us the money that we need, the money of the world, good money, hard money, Democratic money [laughter and applause]—a country that the civilized world must look to for its future monetary supply if it is to continue on what is called the hard-money basis. And yet we are to-day asked to do what? To lay the blighting hand of confiscation upon the millions of people inhabiting that country, to turn them out as tramps upon the land, merely to satisfy the greed of English gold.

Oh, my God, shall we do such a thing as that? [Applause.] Will you crush the people of your own land and send them abroad as tramps, will you kill and destroy your own industries, and especially the production of your precious metals that ought to be sent abroad everywhere—will you do this simply to satisfy the greed of Wall street, the mere agent of Lombard street in oppressing the people of Europe and of this country? It can not be done, it shall not be done! I speak for the great masses of the Mississippi Valley, and those west of it, when I say you shall not do it! [Applause.]

Any political party that undertakes to do it will, in God's name, be trampled, as it ought to be trampled, into the dust of condemnation now and in the future. [Applause.] Speaking as a Democrat, all my life battling for what I conceived to be Democracy and what I conceived to be right, I am yet an American above Democracy. [Applause.] I do not intend, we do not intend, that any party shall survive, if we can help it, that will lay the confiscating hand upon Americans in the interest of England or of Europe. Now, mark it. This may be strong language, but heed it. The people mean it, and, my friends of Eastern Democracy, we bid farewell when you do that thing. [Applause.]

For myself I will not support such a policy here or elsewhere, but will denounce it, and as a Democrat I will denounce it as un-Democratic and un-American, and will ask the people of this country to condemn it as they ought to have condemned the so-called Democrats engaged in it as the agents, the tools—I withdraw that word, but I will say as the representatives, unintentionally—of the money power and the moneyed interests, and not of the masses of the American people. [Applause.]

Gentlemen, you can not hold the Democratic party together on that line. You can not pledge yourselves to bimetallism in your platform and ignore it in your legislation. We pledged ourselves in the first place to tariff reform, and the people had a right to expect us to deal with that first. But, when you come to say that you are going to demonetize silver, let me tell you that this is a bigger question than the tariff or anything else. This battle of the standards is a world-wide question; and one which in importance is away beyond the year-by-year regulation of your revenue.

We voted the ticket in good faith; we expected that we would have tariff revision, and that when we came to the money question it would be regulated according to the Chicago platform, that we should have the free coinage of silver, which in itself would destroy this makeshift. But lo and behold, we find that we were tricked, that we were deceived. [Laughter.] And I use that language advisedly. I believe it was not intended by our Eastern Democratic friends that tariff reform should be considered first, but their main, if not their sole, object was to put their hands upon silver and demonetize it and let tariff reform take care of itself afterward. [Laughter.] And here we are, just in that situation. Reduce the tariff 25 per cent., yet make money in gold 25 per cent. more valuable, the tariff remains as great a burden as ever. It takes the same quantity of wheat, corn, pork, and cotton to pay it as before.

By the repeal of the Sherman act you propose to remit us to the demonetizing act of 1873, which in all my section of country the Democratic party on every stump has denounced as the monumental fraud of the nineteenth century. Here is a Democratic House proposing to go right back to that act. When you do so you will be guilty of a greater fraud than that act itself.

But if you say we are not able to fix the ratio at 16 to 1, we have offered other propositions. I have stated that I will not vote against a free-coinage bill because the House may fix a ratio that I do not like. I do believe, and I admit the

proposition, that the fixing of the ratio is a fair question for discussion and debate; but I do assert that, as a constitutional question, free coinage is enjoined by the Constitution, notwithstanding the learned argument of the gentleman from Maryland [Mr. Rayner] to the contrary. [Laughter.] No State in this Union can coin money or make anything a legal tender except gold and silver. We are denying to them a privilege conferred by the Constitution of this country, which says they may make gold and silver a legal tender. Yet we will not coin it, will not conform to the Constitution and do our duty. Not only that, but "coin money" means an automatic supply. One of the arguments that you can adduce in favor of coin money in place of paper money is that coin money can not be overissued, and that is the most important distinction.

But here we want to interfere with that automatic supply. When we have free coinage and the mints open, nature limits the supply, so that we can not overissue it if we want to. Very good; but some wise people about twenty years ago thought that this continuing supply of gold and silver was interfering with those holding bonds and drawing interest, and living on fixed incomes. They thought the production of silver was going to be largely increased, and would probably lower the value of both gold and silver as money, and hence they undertook by legislation to prevent the automatic supply of money and to inhibit the coinage of one of the precious metals in order to protect the volume of money from that increase.

Now, we had better be on a paper system than a system like that. If we are to regulate the volume of money by prohibiting the coinage of one of the metals, why not abandon the metals altogether and go to paper at once? We are asked to believe that the contention is true that we do not need much money anyhow, because 90 per cent. of the business of the world is done on credit. Why not 100 per cent., and get rid of money altogether? [Laughter and applause.]

The time has come, my friends, when credit goes very slow and a little money very much faster. There is always a day of liquidation, and you must have the money. Let us print credit money, but let that money rest upon the credit of the Government and not upon the credit of some bankers in London or Wall street. There is about 90 per cent. of the American people who do not know anything about credit. They have to do their business on a cash basis. They must have money.

The concluding part of our bill provides that the dollar coined, whatever it may be, may be deposited and a silver

certificate issued on it, as now provided by law; so that if you reach a ratio of 18, 19, or 20 to 1, you still have the same right to a certificate that you have to-day.

I think it is the duty of this House, and especially of my associates, to settle this money question, and to settle it on the lines I have pointed out, not by piecemeal, and not by a repeal of an act that sustains the value of silver before fixing the ratio, not to demonetize silver and then undertake to restore it afterwards; but we have time now to arrange, according to the principles of bimetallism, a measure in conformity with our promise to the American people; and we ask our friends on the other side of this question—our Democratic friends on this side, who are so eager to get rid of the Sherman law, so called, and which I do not defend upon any other principle than that it is the only law which sustains silver until we can fix the ratio—I ask them to come in all fairness and enable us to carry out our pledges to restore bimetallism to this country. If you do not, yours is the responsibility, not ours. [Loud applause.]

Michael D. Harter [O.] argued at some length that the volume of currency had little to do with the prosperity of a country, but that security of the standard of value was essential to it.

Since 1878 we have gone on buying silver which we did not need, which we did not want, and have been indirectly paying for it with gold which we did want. What would be the result with any business man who could not tax others to maintain himself? He would be bankrupt in a little while. This nation of ours, but for its ability to tax everybody, would be bankrupt now.

What has it cost? The difference, Saturday, two weeks ago, between the market value of the silver which you have been piling up in the treasury, and the price you paid for it, was, since 1878, $141,810,980 of the people's money.

Why, gentlemen, this sum alone would be sufficient to complete the Nicaragua Canal, and yet, not satisfied with such a result as this, you are asked to dip deeper and deeper into the commercial vitals of your country. Is it not time to stop, put on the brakes to reverse the engine?

The very people who furnished this pig silver to the treasury at a price higher by $140,000,000 than it is worth, refuse to take these dollars, and the result is practically that the silver

certificate, printed on paper, circulates more freely than the silver coin, and I say that these certificates would circulate equally well if they had no silver bullion behind them.

The whole world, indeed, would have a higher esteem for the credit of this country if you issued the certificates without buying any silver to put behind them. We are a hissing and by-word for the whole commercial world; and they look upon us and say, "The hand of the American people lost its cunning when they entered on the folly of silver buying"; and, moreover, here we are in the midst of a panic as the result of these purchases.

Nothing can be said in favor of this thing—absolutely nothing. And to-day they come to us and propose that we should have the free coinage of silver at a ratio far below the market ratio, a proposition intrinsically dishonest. The gentleman from Missouri [Mr. Bland] said that France was a bimetallic country. The gentleman is mistaken, France is a monometallic gold-standard country; and it is only since it has been so that she has had gold and silver circulating freely at the same time. It is almost beyond belief that members of this House, in 1893, should believe in the theory that the two metals can be kept in joint circulation, both a legal tender, and both purporting to be equally a standard of value. Lycurgus, the lawgiver of Sparta, 900 years before the coming of our Lord, knew too much to believe that this was possible.

Charles J. Boatner [La.].—Do you regard it as impossible so to regulate by law the coinage of gold and silver that they can be made of the same intrinsic value and safely utilized in the regulation of our currency?

Mr. Harter.—It is not necessary for me to answer that question. All history, from the opening pages of its record, answers that question, invariably in the same way—in the negative.

I say to my friend from Louisiana, without a miracle we can not keep both gold and silver coin in circulation at any fixed ratio. The law of Thomas Gresham is as much the law of God as if it were written between the covers of the Bible. I say to-day it would be no more easy for Congress to secure bimetallism under free coinage—that is, keep both metals in general circulation at a fixed ratio, no matter how high or how low the ratio—than to discover perpetual motion.

Is there a man here on this floor who would be willing to exchange 100 cents this morning for 58 cents? Until you can find a people willing to do so you can not maintain any such

ratio as that. But you are going to vote on different ratios, and here is the great danger that underlies this question. You may not weigh the effect of the ratio. If you can not adopt 16 to 1 you are going to try to vote for 17 to 1, which will be no better. Eighteen to 1 would not help you. Nineteen to 1 would be of no earthly benefit, and finally you come to a ratio of 20 to 1. Now, suppose you adopt that, what would it be? At the present price of silver a silver dollar at the ratio of 20 to 1 on the day before yesterday would have been worth less than 75 cents.

NICHOLAS N. COX [Tenn.].—One moment, please. Does not the 58-cent silver dollar buy just as much of the products of this country as any other dollar?

MR. HARTER.—That is the present condition under limited coinage, but you are proposing to change it. The very morning that you have by your law established free coinage in this country, then it ceases to be true, and that every dollar in existence which is now held up to its full nominal value by our present law will sink to 58 cents, the bullion value, as soon as your law becomes operative.

MR. COX.—That is merely a prophecy.

MR. HARTER.—I beg the gentleman's pardon, it is a fact. I invite you to go across the border into free-coinage Mexico with me, where the dollar is worth what the United States dollar would be in the event of the adoption of this law which you propose—that is, the exact bullion price of the silver and no more.

If there is not enough money in the country, what is your plan for increasing the supply? Your plan is the free coinage of silver at 20 to 1, which would drive every dollar of gold out of circulation. It means that if you have eighteen hundred millions of money to-day to do the business of the country, which you say is not enough, that if you should have free coinage then you would have only twelve hundred millions. That is inflation with a vengeance, isn't it?

If you had three men employed to-day, on to-morrow morning you could then only employ two, and the competition between the three would reduce the price for the two men you could employ to starvation wages. Now, look at the laboring man's side of the free-coinage question. You reduce his wages by cutting off the demand for his labor, and then, after reducing his wages, you pay him in a 75-cent dollar. But you also say your plan will increase the price of everything he consumes.

Why, I have heard in Holy Writ of a son asking his father

for bread, and it says, "Will he give him stone?" You free-coinage men, when the workingmen ask for bread, would give them a stone; yes, you give them worse than that; you give them dynamite to try their teeth on. [Laughter.]

But see what we propose will accomplish for the country. We advocate the unconditional stoppage of the purchase of silver. Now, what would result from the adoption of this policy? If you pass the law which we propose, you will see the morning sun looking down on the country, and will find it in a vastly improved condition. Some gentlemen have been, I am afraid, unfair in trying to give the impression out in this House that stopping the purchase of silver would drive silver out of circulation. Not at all. If you stop the purchase of pig silver every dollar of silver now in circulation will remain in circulation; not 10 cents worth of it will be driven out. Every dollar of paper money would also remain in circulation; all the gold now in the country would also continue in our service. But what else would happen? The passage of this measure would declare to all the countries in the world that you mean to keep our standard of values permanent, safe, and solid. We now offer the best security for money obtainable in any country on earth. Men living in France, Germany, and Great Britain will again invest their money freely in our securities as soon as they feel that they will not be cheated out of a large part of it. Here we are at peace, with the greatest resources of any nation on the globe, without danger from within or without, and our security the most absolute that can be given for capital. Money would flow here on the wings of the wind for investment; and money would loan within ten days after the repeal at the rate of 2 per cent. on call in the city of New York.

Joseph C. Hendrix [N. Y.] spoke in favor of the repeal. His speech largely consisted of an exposition of the "evolution of finance," of which the gold standard was the culmination.

On August 14 Joseph W. Bailey [Tex.] replied to him.

I have, Mr. Speaker, been not a little diverted by the change in the arguments of our friends on the other side, and, as I heard the distinguished gentleman from New York [Mr. Hendrix] on Saturday last describe what he called the "evolu-

tion of finance," I could not avoid thinking that some financiers had been undergoing that same process of evolution. [Laughter.] Up to within the past few months it was not common to find a pronounced advocate of the single standard in this country. The men who denounced silver and demanded its demonetization professed themselves to be bimetallists, but insisted that the ratio between the two metals could only be fixed by an international agreement; along this line the argument proceeded until now, and when they think that they have brought the people up to that point they go a stage further, and beginning with the distinguished gentleman from Maryland [Mr. Rayner], who opened this debate, one after another their leaders have declared that even an international agreement can not preserve the parity of these two metals. If they succeed in destroying silver money in this country now, ten years from to-day not one of them will vote for its rehabilitation under any circumstances.

Mr. Bailey then entered into an economic discussion of the subject, presenting the quantitative theory of money as laid down by David Ricardo and endorsed by all the economists of note.

There is no great writer on the subject of political economy who does not lay it down as a primary law in the science of money that as you increase its volume you diminish its value, and as you diminish its volume you increase its value.

But, Mr. Speaker, it is a waste of time to detain this House in arguing that to make money scarcer makes it higher, and I pass to a consideration of the results which will follow the enactment of this bill into a law. An important and practical effect will be that an indescribable scramble for gold will ensue at once. There is not in the world enough gold to furnish France, Great Britain, Germany, the United States, and Austria with as much gold as France has to-day. Where, then, will the other nations of the world procure the gold with which to establish their gold standard? Procure it they must, and will, but in doing so they can neither acquire enough for their own use nor will they leave enough for the use of the nations from which they take it. The operation would manifest itself first in a tendency to limit purchases and increase sales on the part of all those countries which find it necessary or desirable to obtain gold. Nowhere is this tendency exhibited more plainly than in a recent report of the Treasury Department, which

shows that during the last fiscal year our exports have fallen off more than two hundred millions, and our imports have increased over ninety millions, as compared with the previous one.

We have another and impressive object lesson as to the effect of gold acquisition by other nations. During the past eighteen months the English banks, under the advice of Mr. Goschen, have been increasing their gold reserves. Austria-Hungary has been buying gold to complete the establishment f a gold standard. Under the influence of these two demands .e have exported something more than one hundred millions of gold, and the country is threatened with a panic. Yet with a strange infatuation, gentlemen who declare that these evils are attributable to our exportation of gold are advocating a policy which is certain to more than double that exportation.

They tell us that we can go into the open markets of the world with our bonds and buy gold enough to insure the safety of our gold reserve; but if this bill becomes a law you will meet the other nations of the earth in these same markets, with their bonds in their hands, trying to sell them for gold. Not only this, but the individual debtor in every country which undertakes to change its basis will be called upon by his bank to cancel his indebtedness, so that the bank can provide its gold reserve. The waters of every sea will be white with the sail of ships seeking a market in which they can exchange their produce and their merchandise for gold. The great mass of property thus forced upon the markets, coupled with the enormous demand for money, will reduce the price of all property to well-nigh the point of confiscation. The combination of these two forces—this unprecedented offer of goods and this unprecedented demand for money—will be followed by a greater and more sudden divergence between the value of money and the price of commodities than has ever before been witnessed in the history of the world.

Under these circumstances the only thing which can avert a universal and destructive panic is that the silver-using nations, perceiving the danger, will undertake the gradual adoption of a gold standard. This, while it will not subtract anything from the total suffering imposed upon the debtor class, will render their misery less acute by distributing it over a longer length of time.

It is not denied, and can not be successfully denied, that a law of this kind works a hardship upon the debtors of any country by requiring more of their property to pay their debts.

But we are told that they ought to be willing to suffer this single misfortune, however great it may be, in order to establish a sound and permanent system, and we are assured that these bad effects are only temporary. Mr. Speaker, that is but a partial view of the subject. This bill, if it becomes a law, will inflict a great and permanent injury upon all classes of our people except the money-lending class and the class whose incomes are fixed. I mean by this that a contraction in the volume of our currency must be followed by a contraction in the volume of our business. No subtlety about a standard of value and no refinement about the use of credits can convince me against the truth of this proposition. I know there is not an intelligent banker in the United States who would retire one-half of his capital and still attempt to transact his business undiminished in amount. I know that there is not a merchant or manufacturer so mad as to believe that he can withdraw one-half of his capital from his business without contracting his business to answer the reduction of his capital.

Even, sir, if we consider money merely as a medium of exchange, it still must be admitted that the amount of money ought to bear some fair correspondence to the exchanges which it is expected to perform. Of course there are credit devices which economize its use, but they derive their value from the fact that they are promises to pay in the money of ultimate redemption. Take the money of final payment from behind the checks and drafts about which we hear so much, and they would not be worth the clean paper on which they are written. The amount of our money must determine the amount and the value of the credits which we can see. No reasonable man, of course, expects a dollar in money to support every dollar of credit, but every sensible man knows that the more money we have, the safer our credit becomes.

All great writers on political economy affirm that money is necessary in the development of civilization and the extension of commerce; that without it there can be no division of labor, with its resulting skill and other benefits. Concede that proposition, and it follows as a corollary that enough money is necessary to attain the highest development of civilization and the greatest extension of commerce, and when we restrict the amount of money below the requirements of the people we obstruct the progress of mankind.

Gold alone can not furnish a sufficient supply of money to meet the necessities of commerce and civilization. There is not one-half enough of it now, and the supply as compared

with the demand is diminishing. During the last year its entire production was about $133,000,000. Of this amount, something like $33,000,000 were produced by the silver mines; this source of supply will be lost when the silver mines are closed and the world will be left with an annual increase of about $100,000,000. Of this amount it is estimated that more than $70,000,000 will be annually consumed in the arts and in dentistry, leaving about $30,000,000 for money uses, and this is not enough to replenish the losses and the abrasion from the present stock.

Mr. Speaker, I shudder to contemplate the effect of this catastrophe upon my race. A stagnation of business and a paralysis of industry must follow it. Another long night of intellectual darkness and political degradation will settle down upon the world; and there is now no new America whose discovery will reillume the ages and unfetter commerce.

Mr. Bailey, admitting that the maintenance of the parity between gold and silver at any given ratio was a difficult matter, declared that the difficulty would greatly be reduced by free coinage.

It is nonsense to tell me that a law which permits me to coin 412½ grains of standard silver into a debt-paying dollar will not greatly enhance the price of silver. It will, at least, render it more valuable in the payment of debts, and while the advocates of gold seem to have entirely overlooked the function which money performs as a standard of deferred payments, many of our profoundest thinkers on the subject regard this function as secondary to none of money's other uses.

Almost every gentleman who has spoken upon the other side, in discussing this phase of the question, has fallen into the curious contradiction of first asserting that this Government, acting alone, can not raise the price of silver bullion, and then in almost the next sentence declaring that if we enter upon a policy of free coinage the silver of all the world will flow into our mints. Both propositions can not possibly be correct, because there could be no inducement for silver to come here unless a free-coinage law had raised it above its present price.

We often hear it asserted that it is not demonetization, but the difference in the amount of their productions, which has caused the displacement of the parity between gold and silver. This can not be true, for if this were the explanation

the same cause would have produced the same effect at other periods.

The market value of gold and silver varies to-day so widely because one is a full money metal and the other is a commodity, and their value will continue to vary so long as this relation continues. The way, and the only way, to elevate and steady the price of silver is to open your mints to its free and unlimited coinage, and thus create, as a great nation like this easily can, an unlimited demand for silver at its coining value.

The authorities are unvarying and unequivocal in declaring that a decrease in the volume of money benefits nobody except the income class and the holders of Government funds, and that the increase of money benefits everybody except them.

I do not believe, sir, that legislation ought to be shaped for the benefit of any particular class, but if special privileges must be conferred by law on somebody, they ought to be conferred in accordance with the time-honored maxim of Democracy, which declares the sum of wise government to be comprehended in the motto: "The greatest good to the greatest number."

It is useless to disguise, or to attempt to disguise, the fact that, in a large degree, this is a contest between the debtors and the creditors of the world. The debtors are willing to pay in the money of their contract, desiring, however, to exercise the option which the law has allowed them. The creditors are determined to destroy that option, and thus compel a payment in the more valuable money, rendered more valuable still by the aid of legislation.

We have even been pleaded with in this hall to preserve the faith of the Government untainted. I trust, sir, that the American Congress needs no such urgence. I do not believe there is a thoughtful American citizen in this broad land, and surely there is not an American Representative in this hall who does not unswervingly insist that every contract of his Government shall be fulfilled religiously and according to its terms.

But, sir, I am no more willing that Congress should take from the people and give to the bondholders than I am that it shall take from the bondholders and give to the people. It is one of those rules which works both ways, and ought to work either way with equal justice.

Our fathers sold bonds, and the purchasers had it explicitly nominated in the law that they were payable in coin of the standard then existing. Let us pay them precisely as our fathers agreed to pay them, and to the utmost farthing,

even if it takes the pound of flesh and the heart's best blood goes with it. This far every honest man should be willing and anxious to go, but not one step farther.

Gentlemen, you deceive yourselves as to the temper of the people on this subject if you imagine that you can pacify them by shallow declamations about a dishonest dollar. If the present silver dollar is not an honest one, the people are willing to make it so, according to any reasonable definition that can be proposed, and all they ask of you to-day is an opportunity fairly to test the matter.

If you do this work faithfully and well, the people will bless the memory of this Congress for generations and generations to come. If you do it ill, they will undo what you have done, and they will not only sweep from the statute book the unjust law which you have written there, but they will drive forever from power and place the recreant representatives who have betrayed their confidence and disappointed their hopes. [Applause.]

On August 15 General Charles H. Grosvenor [O.] supported repeal in a long speech, at the conclusion of which he said:

The people of this country can rely upon the Republicans in Congress to do their duty. We can not afford to vote to put the Administration of Mr. Cleveland "in a hole." We can not afford to be influenced in our vote upon this momentous question by any desire for partisan advantage or any hope of the disruption of the Democratic party. The criterion of our vote, the basis of our judgment, must be whatever intelligence we have on this subject, and we will be instigated and inspired by our never ceasing love of country and patriotic devotion to that which is her best interest. [Loud applause.]

On August 16 Samuel W. McCall [Mass.] supported repeal, arguing in favor of the gold standard. Referring to the fact that John G. Carlisle, Secretary of the Treasury, who while in Congress had supported free coinage of silver, was now opposed to it, he said:

We should not have free coinage, simply because Mr. Carlisle is not a pattern of consistency and apparently has seen a new light. I do not agree upon many political questions with Mr. Carlisle, but he possesses the instincts of a states-

man; and the effect of the great responsibility of the office he now holds, with his hand upon the throttle of that mighty engine which can start or stop all our wheels of industry, has been to sober him, as it would sober any man who had at heart the interests of his country.

I do not imagine that it is necessary here to repeat any of the old classical arguments about the desirability of the gold standard as against the silver standard; and I may say here that I take no stock whatever in the exploded theory that we can have a double standard. I do not believe you can have any double standard of value any more than you can have a double quart measure or a double pound weight. It seems to me that we must adopt some standard in value; and while, from the nature of the case, we can not get anything that is inflexible, that will never rise or decrease in value, it is our duty to adopt that at least which will put us on terms of equality with the other trading nations of the world, and which will possess, in the highest degree obtainable, the quality of stability.

If we take the value of gold as compared with labor, which I think is fairly the unit of production, we shall see that gold and labor during the last twenty years have maintained their relations to each other, and that wages expressed in terms of gold are at least equal to-day to what they were twenty years ago, if not greater.

But gentlemen say you must take commodities as the measure of value. Now, Mr. Speaker, I submit that commodities do not constitute a proper test. If twenty years ago an article required so much human labor in its production, and to-day that article is produced by the mere automatic motion of a machine at one-third the cost at which it was produced, then I say it should have, with reference to human labor, only one-third the value that it had then. The work of a machine does not count in this matter.

The work of a machine, except as it may involve the ingenuity of the inventor, to whom money is paid for the invention and the cost of labor in producing the machine, should count for nothing whatever in the transaction.

And now let us see what terrible burden is laid on the debtor class in this country. Twenty years ago, for instance, you may have loaned a man $100. That $100 required on your part a certain amount of labor to procure it. To-day that man returns to you $100; and I submit that this sum of $100 should require as much human labor to-day to procure it as was

required to procure $100 when you lent him that sum. I submit it would be most unjust if to-day the man should undertake to repay you in any commodity which, by reason of the invention of a new machine, costs to-day only $20 in labor, although at the time the original loan was made the cost would have been $100 in labor.

Consider the improvement in various processes of human labor. Sixty years ago the labor involved in carrying a bushel of wheat from a point west of the Missouri river to New York would have been one hundredfold in excess of the amount of labor involved in the original production of that wheat. But by reason of improved methods of transportation that wheat can to-day be put down in New York for an infinitesimal fraction of what it would have cost then. Shall we select some metal as our standard of value which will go backward and simply record what was the cost of a given transaction sixty years ago—which will keep its par with the obsolete and expensive methods of twenty years ago? I submit that the most nearly correct unit of value you can get is the unit of human labor, which is the unit of production, and as measured in that gold has been the most stable.

Mr. Speaker, there is another reason in favor of the gold standard besides the reason that it is the better standard. The gold standard is the existing standard in this country, and it should require some very potent reason to justify us in changing that standard to another. But it is asked: "Why do you propose to diminish the amount of your money when we are having a money famine; when all our industries are crying out for more money, why should you go to work and practically demonetize a large part of the money of the country?"

Mr. Speaker, there never was a more patent fallacy than that. This country is not suffering from lack of currency or circulating medium. If you will compare the treasury report of the first of August in this year with the treasury report of one year previous, you will find that there has been an increase in the amount of circulating medium to the extent of at least $10,000,000; and when you take into account the $20,000,000 of gold which since the first of August has reached New York, and the increase of ten or fifteen millions more in the national bank circulation, it is entirely clear that our circulating medium to-day is $40,000,000 more than it was a year ago.

Why is it, then, that our business has declined? It may be from a variety of causes. I have no doubt that the fear

of a radical change in the tariff has contributed to a considerable degree and has curtailed the operations of our manufacturers. But it is to be observed that this depression did not begin with the stopping of mills and the consequent tightening of money; but when, with the wheels of our mills revolving, with our manufacturing establishments having orders upon which to run, they have had to shut down because of the lack of money, it is clear that there is some cause which affects those who have money, creating a fear which is paralyzing the business of the country.

So long as this Government is able, and so long as the people believe it able, to redeem all its money in gold, people will be entirely controlled in the kind of money they select by considerations of mere convenience. But the moment the point is reached when it appears that the Government may not be able to redeem all its money in gold, but that some holders of its obligations will be obliged to take a less valuable metal, then convenience gives place to fear; the bill holder becomes timid; and from the effect of this impulse of fear there is a locking up of our money from actual use.

Gentlemen call this a conspiracy to tighten the money market, but there never was such a widespread and universal conspiracy since the world began. It does not affect merely the great financial heart of this country, the city of New York, where the bankers to-day see their deposits constantly decreasing, where the national banks have run below their required reserve—$15,000,000—but this distrust has appeared in Boston, in Chicago, in Denver, and in cities beyond the Sierras; and I believe it is due to a fear which can chiefly be traced to the effect of the policy of the Sherman law and the continuance of the purchase of silver upon our circulating medium.

I have said what to my mind are the chief things which should be considered here in this discussion. In the first place, we have in this country to-day about the sum of $650,000,000 in silver. That is all that we can stagger under. But, if we stop where we are, I believe we can carry that amount and return to our normal financial condition, but it is necessary to stop there in order to prevent a further contraction of the currency which would result by the demonetization of gold, and in order to keep us from a silver standard.

The only thing for us to do, in view of the policy of the other nations of the world, is to take up the battle and fight, not merely for ourselves, but for the common interests of mankind; and in that view to go into a struggle with the

THE YELLOW PERIL THAT WE ARE ALL AFRAID OF
Cartoon by Victor Gillam in "Judge"

other nations of the world for gold. That is the surest way to fix the international status of silver. We will never get there—to the point desired by those who favor silver—if we are content to load down the energies of the nation with a burden that would swamp the greatest nation that ever existed by attempting to carry the silver of the world alone.

Mr. Speaker, I say, in conclusion, that if we want to maintain the two metals in circulation here, if we want to maintain the gold standard in this country, if we do not desire to drive from our business every drop of the rich, red, golden blood that vitalizes every civilized nation, if we do not wish to continue this paralysis of business, and subject our farmers to the system of exchange that is chiefly responsible for the degradation and practical slavery of the Indian peasant, we will have to repeal the act of 1890 unconditionally. And while we may not restore confidence in the minds of the people at one blow, we will go very far toward remedying the depression which has settled upon all of the industries of the country. [Applause.]

William J. Bryan [Neb.] spoke in favor of free coinage of silver.

He referred to President Cleveland's message.

If I am able to understand its language it points to the burial of silver, with no promise of resurrection. Its reasoning leads irresistibly to universal gold monometallism. If the United States, the greatest silver producing nation, which now utilizes more than one-third of the total annual product of the world, closes its mint to the coinage of silver, what assurance have we that it can retain its place as primary money in the commercial world?

We hear much about a "stable currency" and an "honest dollar." I denounce that child of ignorance and avarice, the gold dollar, under a universal gold standard, as the most dishonest dollar which we could employ.

I stand upon the authority of every intelligent writer upon political economy when I assert that there is not and never has been an honest dollar. An honest dollar is a dollar absolutely stable in relation to all other things. Laughlin, in his work on "Bimetallism," says:

> Monometallists do not—as is often said—believe that gold remains absolutely stable in value. They hold that there is no such thing as a "standard of value" for future payments in either gold or silver which remains absolutely invariable.

He even suggests a multiple standard for long-time contracts. I quote his words:

> As regards national debts, it is distinctly averred that neither gold nor silver forms a just measure of deferred payments, and that, if justice in long contracts is sought for, we should not seek it by the doubtful and untried expedient of international bimetallism, but by the clear and certain method of a multiple standard, a unit based upon the selling prices of a number of articles of general consumption. A long-time contract would thereby be paid at its maturity by the same purchasing power as was given in the beginning.

Jevons, one of the most generally accepted of the writers in favor of a gold standard, admits the instability of a single standard and, in language very similar to that above quoted, suggests the multiple standard as the most equitable if practicable. Chevalier, who wrote a book in 1858 to show the injustice of allowing a debtor to pay his debts in a cheap gold dollar, recognized the same fact, and said:

> If the value of the metal declined the creditor would suffer a loss upon the quantity he had received; if, on the contrary, it rose, the debtor would have to pay more than he calculated upon.

I am on sound and scientific ground, therefore, when I say that a dollar approaches honesty as its purchasing power approaches stability. If I borrow a thousand dollars to-day and next year pay the debt with a thousand dollars which will secure exactly as much of all things desirable as the one thousand which I borrowed, I have paid in honest dollars. If the money has increased or decreased in purchasing power, I have satisfied my debt with dishonest dollars. While the Government can say that a given weight of gold or silver shall constitute a dollar, and invest that dollar with legal-tender qualities, it can not fix the purchasing power of the dollar. That must depend upon the law of supply and demand, and it may be well to suggest that this Government never tried to fix the exchangeable value of a dollar until it began to limit the number of dollars coined.

If by legislative action the demand for silver is destroyed and the demand for gold is increased by making it the only standard, the exchangeable value of each unit of that standard, or dollar, as we call it, will be increased. If the exchangeable value of the dollar is increased by legislation the debt of the debtor is increased, to his injury and to the advantage of the creditor. And let me suggest here, in reply to the gentleman

from Massachusetts [Mr. McCall], who said that the money loaner was entitled to the advantages derived from improved machinery and inventive genius, that he is mistaken. The laboring man and the producer are entitled to these benefits, and the money loaner by every law of justice ought to be content with a dollar equal in purchasing power to the dollar which he loaned, and anyone desiring more than that desires a dishonest dollar, it matters not what name he may give to it. [Loud applause.] Take an illustration: John Doe, of Nebraska, has a farm worth $2,000 and mortgages it to Richard Roe, of Massachusetts, for $1,000. Suppose the value of the monetary unit is increased by legislation which creates a greater demand for gold. The debt is increased. If the increase amounts to 100 per cent. the Nebraska farmer finds that the prices of his products have fallen one-half and his land loses one-half its value, unless the price is maintained by the increased population incident to a new country.

The mortgage remains nominally the same, though the debt has actually become twice as great. Will he be deceived by the cry of "honest dollar"? If he should loan a Nebraska neighbor a hog weighing 100 pounds and the next spring demand in return a hog weighing 200 pounds he would be called dishonest, even though he contended that he was only demanding one hog—just the number he loaned. Society has become accustomed to some very nice distinctions. The poor man is called a socialist if he believes that the wealth of the rich should be divided among the poor, but the rich man is called a financier if he devises a plan by which the pittance of the poor can be converted to his use. [Laughter and applause.]

The poor man who takes property by force is called a thief, but the creditor who can by legislation make a debtor pay a dollar twice as large as he borrowed is lauded as the friend of a sound currency. [Laughter and applause.] The man who wants the people to destroy the Government is an anarchist, but the man who wants the Government to destroy the people is a patriot. [Applause.]

The great desire now seems to be to restore confidence, and some have an idea that the only way to restore confidence is to coax the money loaner to let go of his hoard by making the profits too tempting to be resisted. Capital is represented as a shy and timid maiden who must be courted, if won. Let me suggest a plan for bringing money from Europe. If it be possible, let us enact a law, "Whereas confidence must be restored; and whereas money will always come from its hiding

place if the inducement is sufficient: Therefore, be it enacted, That every man who borrows $1 shall pay back $2 and interest (the usury law not to be enforced)."

Would not English capital come "on the swiftest ocean greyhounds"? The money loaner of London would say: "I will not loan in India or Egypt or in South America. The inhabitants of those countries are a wicked and ungodly people and refuse to pay more than they borrowed. I will loan in the United States, for *there* lives an honest people, who delight in a sound currency and pay in an honest dollar." Why does not some one propose that plan? Because no one would dare to increase by law the number of dollars which the debtor must pay, and yet by some it is called wise statesmanship to do indirectly and in the dark what no man has the temerity to propose directly and openly.

We have been called cranks and lunatics and idiots because we have warned our fellow-men against the inevitable and intolerable consequences which would follow the adoption of a gold standard by all the world. But who, I ask, can be silent in the presence of such impending calamities? The United States, England, France, and Germany own to-day about $2,600,000,000 of the world's supply of gold coin, or about five-sevenths of the total amount, and yet these four nations contain but a small fraction of the inhabitants of the globe. What will be the exchangeable value of a gold dollar when India's people, outnumbering alone the inhabitants of the four great nations named, reach out after their share of gold coin? What will be the final price of gold when all the nations of the Occident and Orient join in the scramble?

A distinguished advocate of the gold standard said recently, in substance: "Wheat has now reached a point where the English can afford to buy it, and gold will soon return to relieve our financial embarrassment." How delighted the farmer will be when he realizes what an opportunity he has to save his country! A nation in distress; banks failing; mines closed; laborers unemployed; enterprise at a standstill, and, behold, the farmer, bowed with unceasing, even if unremunerative, toil, steps forth to save his country—by selling his wheat below the cost of production! And I am afraid he will even now be censured for allowing the panic to go as far as it has before reducing his prices. If it is difficult now to secure gold, what will be the condition when the demand is increased by its adoption as the world's only primary money? We would simply put gold upon an auction block, with every nation as a bidder,

and each ounce of the standard metal would be knocked down to the one offering the most of all other kinds of property. Every disturbance of finance in one country would communicate itself to every other, and in the misery which would follow it would be of little consolation to know that others were suffering as much as, or more than, we.

I have only spoken of the immediate effects of the substitution of gold as the world's only money of ultimate redemption. The worst remains to be told. Let the world once commit its fortunes to the use of gold alone and it must depend upon the annual increase of that metal to keep pace with the need for money.

Is it not probable that the supply available for coinage will diminish rather than increase? Jacobs, in his work on the Precious Metals, has calculated the appreciation of the monetary unit. He has shown that the almost imperceptible increase of 2 per cent. per year will amount to a total appreciation of 500 per cent. in a century. Or, to illustrate, that cotton at 10 cents to-day and wheat at 60 cents would mean cotton at 2 cents and wheat at 12 cents in one hundred years. A national, State, or municipal debt renewed from time to time would at the end of that period be six times as great as when contracted, although several times the amount would have been paid in interest.

When one realizes the full significance of a constantly appreciating standard he can easily agree with Alison that the Dark Ages resulted from a failure of the money supply. How can anyone view with unconcern the attempt to turn back the tide of civilization by the complete debasement of one-half of the world's money! When I point to the distress which, not suddenly, but gradually, is entering the habitations of our people; when I refer you to the census as conclusive evidence of the unequal distribution of wealth and of increasing tenancy among our people, of whom, in our cities, less than one-fourth now own their homes; when I suggest the possibility of this condition continuing until, passed from a land of independent owners, we become a nation of landlords and tenants, you must tremble for civil liberty itself.

Let me call your attention briefly to the advantages of bimetallism. It is not claimed that by the use of two metals at a fixed ratio absolute stability can be secured. We only contend that thus the monetary unit will become more stable in relation to other property than under a single standard. If a single standard were really more desirable than a double

standard, we are not free to choose gold, and would be compelled to select silver. Gold and silver must remain component parts of the metallic money of the world—that must be accepted as an indisputable fact. Our abandonment of silver would in all probability drive it out of use as primary money; and silver as a promise to pay gold is little, if any, better than a paper promise to pay. If bimetallism is impossible, then we must make up our minds to a silver standard or to the abandonment of both gold and silver. [Applause.]

Let us suppose the worst that has been prophesied by our opponents, namely, that we would be upon a silver standard if we attempted the free coinage of both gold and silver at any ratio. Let us suppose that all our gold goes to Europe and we have only silver. Europe will then have more money with which to buy our exports—cotton and wheat, cattle and hogs.

If, on the other hand, we adopt gold, we must draw it from Europe, and thus lessen their money and reduce the price of our exports in foreign markets. This, too, would decrease the total value of our exports and increase the amount of products which it would be necessary to send abroad to pay the principal and interest which we owe to bondholders and stockholders residing in Europe. Some have suggested the advisability of issuing gold bonds in order to maintain a gold standard. Let them remember that those bonds sold in this country will draw money from circulation and increase the stringency, and sold abroad will affect injuriously the price of our products abroad, thus making a double tax upon the toilers of the United States, who must ultimately pay them.

Let them remember, too, that gold bonds held abroad must some time be paid in gold, and the exportation of that gold would probably raise a clamor for an extension of time in order to save this country from another stringency. A silver standard, too, would make us the trading center of all the silver-using countries of the world, and these countries contain far more than one-half of the world's population. What an impetus would be given to our Western and Southern seaports, such as San Francisco, Galveston, New Orleans, Mobile, Savannah, and Charleston. Then, again, we produce our silver, and produce it in quantities which would to some extent satisfy our monetary needs.

Our annual product of gold is less than 50 cents per capita. Deduct from this sum the loss which would be occasioned to the gold supply by the closing of our silver mines, which produce gold in conjunction with silver; deduct, also, the amount con-

sumed in the arts, and the amount left for coinage is really inconsiderable. Thus, with a gold standard, we would be left dependent upon foreign powers for our annual money supply. They say we must adopt a gold standard in order to trade with Europe. Why not reverse the proposition and say that Europe must resume the use of silver in order to trade with us? But why adopt either gold or silver alone? Why not adopt both and trade with both gold-using and silver-using countries? The principle of bimetallism is established upon a scientific basis.

We were called together to relieve financial distress by legislation. Some propose to relieve the present stringency in the money market by removing the tax on national-bank circulation and allowing banks to issue 100 per cent. on their bonds instead of 90 per cent. This legislation would put values into bank stocks by law, because it would add to the profits of the bank, and such a law would probably raise the market price of bonds by increasing the demand for them. I will not discuss the merits of this proposition now. Let those who favor it prepare to justify themselves before their constituents—people who are not making 5 per cent. on an average on the money invested in farms or enterprises, and let those who will profit by the law cease to deny the ability of Government to increase the price of property by law. One is almost moved to tears by the sight of New England manufacturers protesting with indignation against the wisdom or possibility of giving fictitious value to a product, when for the last thirty years they have drained the rest of the country and secured artificial prices by protective tariff laws. [Applause.]

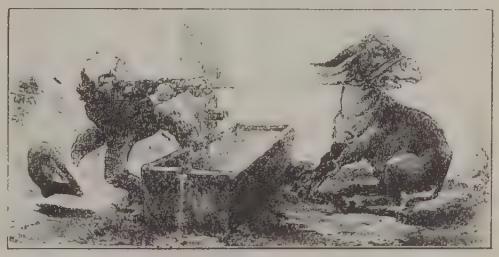
Some of our Eastern friends accuse the advocates of free coinage of favoring repudiation.

Repudiation has not been practiced much in recent years by the debtor, but in 1869 the credit-strengthening act enabled the bondholder to repudiate a contract made with the Government and to demand coin in payment of a bond for which he had given paper and which was payable in lawful money. That act increasing the market value of the bonds gave a profit to many who now join the beneficiaries of the act assuming the District debt in vociferous proclamation that "the Government can not create value." Does not the location of a public building add to the value of adjacent real estate? Do not towns contest the location of a county seat because of the advantage it brings? Does not the use of gold and silver as money increase the value of each ounce of each metal?

These are called precious metals because the production is

limited and can not be increased indefinitely at will. If this Government or a number of governments can offer a market unlimited as compared with the supply, the bullion value of gold and silver can be maintained at the legal ratio. The moment one metal tends to cheapen, the use falls on it and increases its price, while the decreased demand for the dearer metal retards its rise and thus the bullion values are kept near to the legal ratio, so near that the variation can cause far less inconvenience and injustice than the variation in the exchangeable value of the unit would inflict under a single standard. The option is always given to the debtor in a double standard.

In fact, the system could not exist if the option remained with the creditor, for he would demand the dearer metal and



BUT YOU CAN'T MAKE HIM DRINK
Cartoon by Joseph Keppler in "Puck" (1900)

thus increase any fluctuation in bullion values, while the option in the hands of the debtor reduces the fluctuation to the minimum. That the unit under a double standard is more stable in its relation to all other things is admitted by Jevons and proven by several illustrations. Mr. Giffin tries to avoid the force of the admission by saying that the difference in favor of the double standard is only in the proportion of 2 to 1, and therefore not sufficient to justify its adoption. It would seem that where stability is so important—and it never was so important as to-day, when so many long-time contracts are executed—even a slight difference in favor of the double standard ought to make it acceptable.

What is the prospect for the establishment of international bimetallism? I would be glad to see the unlimited coinage of

gold and silver at a fixed ratio among the nations, but how is such an agreement to be secured? The gentleman from Maryland [Mr. Rayner] says the unconditional repeal of the Sherman law will bring England to terms. Is it impossible to extract a lion's teeth without putting your head in his mouth? Is it not a dangerous experiment to join England in a single standard in order to induce her to join us in a double standard? International agreement is an old delusion and has done important duty on many previous occasions.

The opponents of the Bland law in 1878 were waiting for international bimetallism. Mr. Cleveland mentioned the prospect of it in his message in 1885, and again this year. It was a valuable weapon in 1890, when the Sherman bill was passed and the Brussels conference was called in time to carry us over the last presidential election. We are still waiting, and those are waiting most patiently who favor a gold standard. [Laughter and applause.] Are we any nearer to an international agreement than we were fifteen years ago? The European nations wait on England, and she refused within a year to even consider the adoption of the double standard. Can we conquer her by waiting? We have tried the Fabian policy.

Suppose we try bringing her to terms by action. Let me appeal to your patriotism. Shall we make our laws dependent upon England's action and thus allow her to legislate for us upon the most important of all questions? Shall we confess our inability to enact monetary laws? Are we an English colony or an independent people? If the use of gold alone is to make us slaves, let us use both metals and be free. If there be some living along the Eastern coast—better acquainted with the beauties of the Alps than with the grandeur of the Rockies, more accustomed to the sunny skies of Italy than to the invigorating breezes of the Mississippi Valley—who are not willing to trust their fortunes and their destinies to American citizens, let them learn that the people living between the Alleghanies and the Golden Gate are not afraid to cast their all upon the Republic and rise or fall with it. [Loud applause.]

One hundred and seventeen years ago the Liberty Bell gave notice to a waiting and expectant people that Independence had been declared. There may be doubting, trembling ones among us now, but, sirs, I do not overestimate it when I say that out of twelve millions of voters more than ten millions are waiting, anxiously waiting, for the signal which shall announce the financial independence of the United States. [Applause.]

This Congress can not more surely win the approval of a grateful people than by declaring that this nation, the grandest which the world has ever seen, has the right and the ability to legislate for its own people on every subject regardless of the wishes, the entreaties, or the threats of foreign powers. [Applause.]

Among those in favor of bimetallism, and in favor of independent action on the part of the United States, there is an honest difference of opinion as to the particular ratio at which the unlimited coinage of gold and silver should be undertaken. The principle of bimetallism does not stand upon any certain ratio, and it may exist at 1 to 30 as well as at 1 to 16.

In fixing the ratio we should select that one which will secure the greatest advantage to the public and cause the least injustice. The present ratio, in my judgment, should be adopted. A larger silver dollar would help the creditor. A smaller gold dollar would help the debtor. It is not just to do either, but, if a change must be made, the benefit should be given to the debtor rather than to the creditor.

We often hear our opponents complain of the "cupidity of the mine owner." Let us admit that the mine owner is selfish, and that he will profit by the increased price of silver bullion. Let us, for the sake of argument, go further, and accuse him of favoring the free coinage of silver solely for the purpose of increasing the price of his product. Does that make him worse than other men? Is not the farmer selfish enough to desire a higher price for wheat? Is not the cotton-grower selfish enough to desire a higher price for his cotton? Is not the laboring man selfish enough to desire higher wages? And, if I may be pardoned for the boldness, are not bankers and business men selfish enough to ask for legislation at our hands which will give them prosperity? Was not this extraordinary session called in order to bring back prosperity to our business men?

Is it any more important that you should keep a mercantile house from failing than that you should keep a mine from suspending? Are those who desire free coinage of silver in order that the barren wastes should be made to "blossom like the rose" any worse than those who want the Sherman law repealed in order to borrow foreign gold and retire clearing-house certificates? There is a class of people whose interest in financial legislation is too often overlooked. The money-loaner has just as much interest in the rise in the value of his

product—money—as farmers and miners have in the increased price of their products.

The man who has $10,000 in money becomes worth $20,000 in reality when prices fall one-half. Shall we assume that the money-lenders of this and other countries ignore the advantage which an appreciated currency gives to them and desire it simply for the benefit of the poor man and the laborer? What refining influence is there in their business which purges away the dross of selfishness and makes pure and patriotic only their motives? [Laughter.] Has some new dispensation reversed the parable and left Lazarus in torment while Dives is borne aloft in Abraham's bosom? [Laughter.]

But is the silver miner after all so selfish as to be worthy of censure? Does he ask for some new legislation or for some innovation inaugurated in his behalf? No. He pleads only for the restoration of the money of the fathers. He asks to have given back to him a right which he enjoyed from 1792 to 1873. During all those years he could deposit his silver bullion at the mints and receive full legal-tender coins at the rate of $1.29 for each ounce of silver, and during a part of the time his product could be converted into money at even a higher price. Free coinage can only give back to him what demonetization took away. He does not ask for a silver dollar redeemable in a gold dollar, but for a silver dollar which redeems itself.

If the bullion value of silver has not been reduced by hostile legislation, the free coinage of silver at the present ratio can bring to the mine owner no benefit, except by enabling him to pay a debt already contracted with less ounces of silver. If the price of his product has been reduced by hostile legislation, is he asking any more than we would ask under the same circumstances in seeking to remove the oppressive hand of the law? Let me suggest, too, that those who favor an international agreement are estopped from objecting to the profits of the silver mine owner, because an international agreement could only be effected at some ratio near to ours, probably 15½ to 1, and this would just as surely inure to the benefit of the owner of silver as would free coinage established by the independent action of this country. If our opponents were correct in asserting that the price of silver bullion could be maintained at 129 cents an ounce by international agreement, but not by our separate action, then international bimetallism would bring a larger profit to the mine owner than the free coinage of silver by this country could. Let the international bimetallist, then,

find some better objection to free coinage than that based on the mine owner's profit.

When we see a wheel of fortune with twenty-four paddles, see those paddles sold for 10 cents apiece, and see the holder of the winning paddle draw $2, we do not conclude that money can be profitably invested in a wheel of fortune. We know that those who bought expended altogether $2.40 on the turn of the wheel, and that the man who won only received $2; but our opponents insist upon estimating the profits of silver mining by the cost of the winning paddle. It is safe to say that taking the gold and silver of the world—and it is more true of silver than of gold—every dollar's worth of metal has cost a dollar. It is strange that those who watch so carefully lest the silver miner shall receive more for his product than the bare cost of production ignore the more fortunate gold miner.

Did you ever hear a monometallist complain because a man could produce 25.8 grains of gold, .9 fine, at any price whatever, and yet take it to our mint and have it stamped into a dollar with full legal-tender qualities? I saw at the World's Fair a few days ago a nugget of gold, just as it was found, worth over $3,000. What an outrage that the finder should be allowed to convert that into money at such an enormous profit! And yet no advocate of honest money raises his hand to stop that crime.

The fact is that the price of gold and silver does not depend upon the cost of production, but upon the law of supply and demand. [Applause.] It is true that production will stop when either metal can not be produced at a profit; but so long as the demand continues equal to the supply the value of an ounce of either metal may be far above the cost of production. With most kinds of property a rise in price will cause increased production; for instance, if the price of wheat rises faster than the price of other things, there will be a tendency to increased production until the price falls; but this tendency can not be carried out in the case of the precious metals, because the metal must be found before it can be produced, and finding is uncertain.

The money question is broader than the interest of a few mine owners. It touches every man, woman, and child in all the world, and affects those in every condition of life and society.

The interest of the mine owner is incidental. He profits by the use of silver as money just as the gold miner profits by

the use of gold as money; just as the newspaper profits by the law compelling the advertising of foreclosures; just as the seaport profits by the deepening of its harbor; just as the horse seller would profit by a war which required the purchase of a large number of horses for cavalry service, or just as the undertaker would profit by the decent burial of a pauper at public expense.

All of these receive an incidental benefit from public acts. Shall we complain if the use of gold and silver as money gives employment to men, builds up cities, and fills our mountains with life and industry? Shall we oppress all debtors and derange all business agreements in order to prevent the producers of money metals from obtaining for them more than actual cost? We do not reason that way in other things; why suppress the reason in this matter because of cultivated prejudices against the white metal?

To recapitulate, there is not enough of either metal to form the basis for the world's metallic money; both metals must therefore be used as full legal tender primary money. There is not enough of both metals more than to keep pace with the increased demand for money; silver can not be retained in circulation as a part of the world's money if the United States abandons it. This nation must, therefore, either retain the present law or make some further provision for silver. The only rational plan is to use both gold and silver at some ratio with equal privileges at the mint. No change in the ratio can be made intelligently until both metals are put on an equality at the present ratio. The present ratio should be adopted if the parity can be maintained; and, lastly, it can be.

If these conclusions are correct, what must be our action on the bill to repeal unconditionally the Sherman law? The Sherman law has a serious defect; it treats silver as a commodity rather than as a money, and thus discriminates between silver and gold. The Sherman law was passed in 1890 as a substitute for what was known as the Bland law. It will be remembered that the Bland law was forced upon the silver men as a compromise, and that the opponents of silver sought its repeal from the day it was passed. It will also be remembered that the Sherman law was in like manner forced upon the silver men as a compromise, and that the opponents of silver have sought its repeal ever since it became a law. The law provides for the compulsory purchase of 54,000,000 ounces of silver per year, and for the issue of treasury notes thereon at the gold value of the bullion.

These notes are a legal tender and are redeemable in gold or silver at the option of the Government. There is also a clause in the law which states that it is the policy of this Government to maintain the parity between the metals. The Administration, it seems, has decided that the parity can only be maintained by violating a part of the law and giving the option to the holder instead of to the Government. Without discussing the administration of the law, let us consider the charges made against it.

The main objection which we heard last spring was that the treasury notes were used to draw gold out of the treasury. If that objection were a material one, the bill might easily be

MISS DEMOCRACY—WHY, THAT PLANK BROKE WITH ME TWICE. IT WOULD BE SUICIDE TO TRY IT AGAIN

Cartoon by E. T. Richards, in the New York "Times" 1904

amended so as to make the treasury notes hereafter issued redeemable only in silver, like the silver certificates issued under the Bland law. But the objection is scarcely important enough for consideration. While the treasury notes have been used to draw out gold, they need not have been used for that purpose, for we have $346,000,000 worth of greenbacks with which gold can be drawn, so long as the Government gives the option to the holder. If all of the treasury notes were destroyed the greenbacks are sufficient to draw out the $100,000,000 reserve three times over, and then they can be reissued and used again. To complain of the treasury notes while the greenbacks remain is like finding fault because the gate is open when the whole fence is down, and reminds me of the man who made a box

for his feline family, and cut a big hole for the cat to go in at and a little hole for the kittens to go in at, forgetting that the large hole would do for cats of all sizes.

Just at this time the law is being made the scapegoat upon which all our financial ills are loaded, and its immediate and unconditional repeal is demanded as the sole means by which prosperity can be restored to a troubled people.

The main accusation against it now is that it destroys confidence, and that foreign money will not come here, because the holder is afraid that we will go to a silver standard. The exportation of gold has been pointed to as conclusive evidence that frightened English bondholders were throwing American securities upon the market and selling them to our people in exchange for gold. But now gold is coming back faster than it went away, and still we have the Sherman law unrepealed. Since that theory will not explain both the export and import of gold, let us accept a theory which will. The balance of trade has been largely against us during the last year, and gold went abroad to pay it, but now our exportation of breadstuffs has increased and the gold is returning. Its going was aggravated by the fact that Austria-Hungary was gathering in gold for resumption and was compelled to take a part from us. Instead of using that export of gold as a reason for going to a gold basis, it ought to make us realize the danger of depending solely upon a metal which some other nation may deprive us of at a critical moment.

The Sherman law fails utterly to account for present stringency. Let me suggest a more reasonable cause for the trouble. Last spring an attempt was made to secure the unconditional repeal of the Sherman law. We had no panic then, but the same forces which have always opposed any legislation favorable to silver demanded that the purchase of bullion should stop. Some who believe that 15 per cent. reserve makes a bank safe became frightened lest a 25 or 30 per cent. reserve might not be sufficient to make the Government safe, and wanted an issue of gold bonds. The great argument used in favor of both those propositions was that money was being drawn from the treasury and sent to Europe; that confidence was being destroyed and that a panic would follow. They emphasized and magnified the evils which would follow the departure of gold; they worked themselves and their associates into a condition of fright which did cause financial stringency. Like the man who innocently gives the alarm of fire in a crowded hall, they excited a panic which soon got beyond control.

The trouble now is that depositors have withdrawn their deposits from the banks for fear of loss, and the banks are compelled to draw in their loans to protect their reserves, and thus men who do business upon borrowed capital are crippled. The people have not lost faith in the Government or in the Government's money. They do not refuse silver or silver certificates. They are glad enough to get any kind of money. We were told last spring that gold was going to a premium, but recently in New York City men found a profitable business in the selling of silver certificates of small denominations at 2 per cent. premium. How many of the failing banks have obeyed the law in regard to reserve? How many have crippled themselves by loaning too much to their officers and directors? The situation can be stated in a few words: money can not be secured to carry on business because the banks have no money to loan; banks have no money to loan because the depositors have withdrawn their money; depositors have withdrawn their money because they fear the solvency of the banks; enterprises are stagnant because money is not in circulation.

Will a repeal of the Sherman law cure these evils? Can you cure hunger by a famine? I know that there are some who tell us that we have plenty of money. If I may be pardoned for a personal allusion, their attitude reminds me of a remark made by my father-in-law just after he entrusted his daughter to my care. "William," said he, laying his hand affectionately on my head, "while I have, we shall not *both* want." Others say, "What is the use of having more money? We can not get it unless we have something to sell." That is true, but the price of what we sell depends largely upon the amount of money in circulation. How can we pay our debts without selling something, and how can we sell anything without there is money in circulation to buy with? We need money. The Sherman law supplies a certain amount. Will the stringency be relieved by suspending that issue? If the advocates of repeal would take for their battle cry, "Stop issuing money" instead of "Stop buying silver," would not their purpose be more plain? But they say the repeal of the law will encourage foreign capital to come here by giving assurance that it will be repaid on a gold basis. Can we afford to buy confidence at that price? Can we afford to abandon the constitutional right to pay in either gold or silver in order to borrow foreign gold with the certainty of having to pay it back in appreciated dollars? To my mind, Mr. Speaker, the remedy proposed seems not only dangerous and absurd, but

entirely inadequate. Why try to borrow foreign capital in order to induce the people in this country to redeposit their savings in the banks?

Why do not these financiers apply the remedy to the diseased part? If the gentleman from New York [Mr. Hendrix], to whom I listened with pleasure, and who said, "I have come into this hall as a banker, I am here as the president of a national bank," desires to restore confidence, let him propose for the consideration of the members a bill to raise, by a small tax upon deposits, a sum sufficient to secure depositors against possible loss; or a bill to compel stockholders to put up security for their double liability; or to prevent stockholders or officers from wrecking a bank to carry on their private business; or to limit the liabilities which a bank can assume upon a given amount of capital, so that there will be more margin to protect its creditors; or a bill to make more severe the punishment for embezzlement, so that a man can not rob a bank of a half million and escape with five years, and can not be boarded at a hotel by a marshal, while the small thief suffers in a dungeon. [Applause.] Let him propose some real relief and this House will be glad to coöperate with him.

Or, if there is immediate relief necessary in the increased issue of paper money, let our financiers press the suggestion made by the gentleman from Ohio [Tom L. Johnson], viz., that the holders of Government bonds be allowed to deposit them and draw the face in treasury notes by remitting the interest and with the power of redeeming the bonds at any time. [Applause.] This will give immediate relief and will save the Government interest on the bonds while the money is out. But no, the only remedy proposed by these financiers at this time, when business is at a standstill and when unemployed men are suffering, is a remedy which will enable them both to control the currency and reap pecuniary profit through its issue.

What provision shall be made for the future? Upon that question our opponents are silent. The bill which they have proposed leaves us with no increased currency provided for. Some of the advocates of a gold standard, in the defence of their theory, find it necessary to dispute every well-established principle of finance.

We are told that as civilization increases credit takes the place of money and that the volume of real money can be diminished without danger. That recalls the experience of the man who conceived the idea that a fish could be made to live

without water. As the story goes, he put a herring, fresh from the sea, in a jar of salt water. By removing a little every morning and adding rainwater he gradually accustomed it to fresh water. Then by gradually removing the fresh water he accustomed it to air, and finally kept it in a cage like a bird. One day, in his absence, his servant placed a cup of water in the cage in order that the fish might moisten its food; but, alas! when the master came home he found that the fish had thoughtlessly put its head into the water and drowned!

From the arguments of some of our opponents we might be led to the conclusion that the time would come when money would not only be unnecessary but really dangerous.

The question, Mr. Speaker, is whether we shall increase our supply of primary money, as we do when we increase our gold and silver, or whether we shall increase our promises to pay real money, as we do when we increase national bank notes.

The larger the superstructure of credit, as related to the basis of metal, the more unsubstantial our system. If we present a bank note for payment we receive a greenback; if we present a greenback for payment, the treasurer has a right to pay in silver dollars, and now our opponents want it understood that a silver dollar is only a promise to pay a gold dollar. Is that sound money?

No, Mr. Speaker; if metallic money is sound money, then we who insist upon a base broad enough to support a currency redeemable in coin on demand are the real friends of sound money, and those are "dangerous fiatists" who would make the metallic base so narrow as to compel the Government to abandon it for the preservation of its people. If all the currency is built upon the small basis of gold those who hold the gold will be the masters of the situation. [Applause.] We have a right to demand that the future financial policy shall be a part of the repealing act, so that we may choose between it and what we have and reject it if it is less favorable than the present law. And I may add, in the language adopted by the Bimetallic League a few days ago—

> The refusal of the opponents of bimetallism to propose any substitute for the present law, or to elaborate any plan for the future, indicates either an ignorance of our financial needs or an unwillingness to take the public into their confidence.

But, sir, more serious than any other objection which can be made to the unconditional repeal of the Sherman law is the incontrovertible fact that a suspension of silver would tend to

lower the price of silver bullion and thus make the restoration of bimetallism more difficult.

The first question for us to decide then is, are we in favor of bimetallism or a universal gold standard? If we are in favor of bimetallism, the next question is, will a fall in the bullion price of silver as measured by gold help or hinder bimetallism? We are told by those who want a gold standard that it will help bimetallism; but the query is, if it would, "why do they favor it?" It is sufficient to arouse suspicion when every advocate of gold monometallism favors unconditional repeal, and the more emphatic his advocacy of gold the more earnest his desire for repeal. Is any subsequent legislation in behalf of silver intended? If so, why not propose it now? What money loaner, loaning upon a mortgage, would be willing to let the money go upon a promise that the mortgage should be delivered next week? Or what business man would cancel an obligation to-day on the promise of having money paid to-morrow? Shall we be more careless in protecting the sacred interests of our constituencies than a business man is in transacting his business?

What excuse can we give to our people for releasing what we have with the expectation of getting something in the future when the advocates of repeal boldly demand, upon this floor, the adoption of a universal gold standard, and predict that its coming is as certain as the rising of to-morrow's sun.

They tell us that our platform demands repeal, but does it demand repeal only? Shall we take away the "cowardly makeshift" before we restore the real thing for which that "temporary expedient" was substituted? As well denounce one kind of food because it lacks nourishment and then refuse all food to the patient. They shall not be permitted to thus mutilate the platform. No such inexcusable attempt at garbling has been witnessed since the minister took from the sentence, "Let him which is on the house*top not come down* to take anything out of his house," the words "topnot come down," and inveighed against the feminine habit of wearing the hair in a knot on the top of the head. [Laughter.] They demand of us unconditional repeal. They demand that we give up all that we have in the way of silver legislation before we know what we are to receive. Shall we surrender on these terms?

Rollin tells us that the third Punic war was declared by the Romans and that a messenger was sent to Carthage to announce the declaration after the army had started on its way. The Carthaginians at once sent representatives to treat for peace. The Romans first demanded the delivery of three hundred hos-

tages before they would enter into negotiations. When three hundred sons of the nobles had been given into their hands they demanded the surrender of all the arms and implements of war before announcing the terms of the treaty. The conditions were sorrowfully but promptly complied with, and the people who boasted of a Hannibal and a Hamilcar gave up to their ancient enemies every weapon of offence and defence. Then the Roman consul, rising up before the humiliated representatives of Carthage, said:

> I can not but commend you for the readiness with which you have obeyed every order. The decree of the Roman Senate is that Carthage shall be destroyed.

Sirs, what will be the answer of the people whom you represent, who are wedded to the "gold and silver coinage of the Constitution," if you vote for unconditional repeal and return to tell them that you were commended for the readiness with which you obeyed every order, but that Congress has decreed that one-half of the people's metallic money shall be destroyed? [Applause.]

They demand unconditional surrender, do they? Why, sirs, we are the ones to grant terms. Standing by the pledges of all the parties in this country, backed by the history of a hundred years, sustained by the most sacred interests of humanity itself, we demand an unconditional surrender of the principle of gold monometallism as the first condition of peace. [Applause.] You demand surrender! Aye, sirs, you may cry "Peace, peace," but there is no peace. Just so long as there are people here who would chain this country to a single gold standard, there is war—eternal war; and it might just as well be known now! [Loud applause on the Democratic side.]

There are thousands, yes, tens of thousands, aye, even millions, who have not yet "bowed the knee to Baal." Let the President take courage. Muehlbach relates an incident in the life of the great military hero of France. At Marengo the Man of Destiny, sad and disheartened, thought the battle lost. He called to a drummer boy and ordered him to beat a retreat. The lad replied:

> Sire, I do not know how. Dessaix has never taught me retreat, but I can beat a charge. Oh, I can beat a charge that would make the dead fall into line! I beat that charge at the Bridge of Lodi; I beat it at Mount Tabor; I beat it at the Pyramids; Oh, may I beat it here?

The charge was ordered, the battle won, and Marengo was added to the victories of Napoleon. Oh, let our gallant leader

draw inspiration from the street gamin of Paris. In the face of an enemy proud and confident the President has wavered. Engaged in the battle royal between the "money power and the common people," he has ordered a retreat. Let him not be dismayed.

He has won greater victories than Napoleon, for he is a warrior who has conquered without a sword. He restored fidelity in the public service; he converted Democratic hope into realization; he took up the banner of tariff reform and carried it to triumph. Let him continue that greater fight for "the gold and silver coinage of the Constitution," to which three national platforms have pledged him. Let his clarion voice call the party hosts to arms; let him but speak the language of the Senator from Texas [Mr. Reagan], in reply to those who would destroy the use of silver:

> Let us call the battle on and never leave the field until the people's money shall be restored to the mints on equal terms with gold, as it was years ago.

Let this command be given, and the air will resound with the tramp of men scarred in a score of battles for the people's rights. Let this command be given and this Marengo will be our glory and not our shame. [Applause on the floor and in the galleries.]

Well has it been said by the Senator from Missouri [George G. Vest] that we have come to the parting of the ways. To-day the Democratic party stands between two great forces, each inviting its support. On the one side stand the corporate interests of the nation, its moneyed institutions, its aggregations of wealth and capital, imperious, arrogant, compassionless. They demand special legislation, favors, privileges, and immunities. They can subscribe magnificently to campaign funds; they can strike down opposition with their all-pervading influence, and, to those who fawn and flatter, bring ease and plenty. They demand that the Democratic party shall become their agent to execute their merciless decrees.

On the other side stands that unnumbered throng which gave a name to the Democratic party and for which it has assumed to speak. Work-worn and dust-begrimed, they make their sad appeal. They *hear* of *average* wealth increased on every side and *feel* the *inequality* of its distribution. They see an overproduction of everything desired because of the underproductior of the ability to buy. They cannot pay for loyalty except with their suffrages, and can only punish betrayal

with their condemnation. Although the ones who most deserve the fostering care of Government, their cries for help too often beat in vain against the outer wall, while others less deserving find ready access to legislative halls.

HE CAN'T HELP DRAGGING IT IN
Cartoon by M. B. Trezevant in 1907

This army, vast and daily vaster growing, begs the party to be its champion in the present conflict. It cannot press its claims 'mid sounds of revelry. Its phalanxes do not form in grand parade, nor has it gaudy banners floating on the breeze. Its battle hymn is "Home, Sweet Home," its war cry—"Equality before the law." To the Democratic party, standing between these two irreconcilable forces, uncertain to which side to turn and conscious that upon its choice its fate depends, come the words of Israel's second lawgiver: "Choose you this day whom ye will serve." What will the answer be? Let me invoke the

memory of him whose dust made sacred the soil of Monticello when he joined

> The dead but sceptered sovereigns who still rule
> Our spirits from their urns.

He was called a demagogue and his followers a mob, but the immortal Jefferson dared to follow the best promptings of his heart. He placed man above matter, humanity above property, and, spurning the bribes of wealth and power, pleaded the cause of the common people. It was this devotion to their interests which made his party invincible while he lived and will make his name revered while history endures. And what message comes to us from the Hermitage? When a crisis like the present arose and the national bank of his day sought to control the politics of the nation, God raised up an Andrew Jackson, who had the courage to grapple with that great enemy, and by overthrowing it he made himself the idol of the people and reinstated the Democratic party in public confidence. What will the decision be to-day? The Democratic party has won the greatest success in its history. Standing upon this victory-crowned summit, will it turn its face to the rising or the setting sun? Will it choose blessings or cursings—life or death—which? Which? [Prolonged applause on the floor and in the galleries, and cries of "Vote!" "Vote!"]

Jerry Simpson [Kan.] spoke in favor of free coinage of silver. He declared that the bankers had stirred up the panic to procure the repeal of the Sherman act, and then that this panic had got away from them.

It has broken loose from them; it has not accomplished what they intended; and I fear that before it is stopped it will breed a revolution in this country that will shake this Government to its very foundation. That is the reason I think the hour has struck when every man in this country with any patriotism in his make-up should take the party collar off his neck, and stand up for the interests of the people and of his country.

Mr. Speaker, why should we trim our sails to fit the breeze of any country? Gentlemen talk about our inability to borrow more English capital. I want to ask those gentlemen this question: If we continue to borrow English capital as we have been doing in the past, paying these high rates of interest for it, who will ultimately own the industries of this country? It

is said that the English own to-day fifteen-sixteenths of our railroad stock. They own a great part of the great institutions of this country. That is the result of borrowing English capital.

Mr. Speaker, we have in this country all the resources that are necessary to create wealth for ourselves, a great territory stored by nature with all the materials that are needed to supply human wants. We have the most improved machinery; we have steam power which is doing the work each year of 22,000,000 men; we have millions of able-bodied men, willing and anxious to work that machinery and, by their labor, to produce from our own resources all the wealth that we require. Tell me why with all these materials, all these forces, we still should go abroad to Great Britain, the great creditor nation of the world, and ask her to lend us money! Why, sir, such a course is suicidal. I think the true financial policy of this country is to have our currency issued by the people, directly to the people, without the intervention of banks or other corporations. The issue of money is a public function which should not be delegated to individuals or private corporations.

I am opposed to a compromise on the ratio. I am opposed to a compromise on anything that is right. I believe that whenever you commence to compromise you are sure to compromise away what is right, and in this matter you will compromise away the interests of the debtor class. We have had too many compromises already intended to secure what gentlemen are pleased to call an "honest dollar." Five or six times already the contract has been changed, and we have to-day the most dishonest dollar that ever any country submitted to.

I am opposed to compromise, first, because it demoralizes the party that compromises; secondly, because it delays justice; and, thirdly, because it demoralizes the community. Now, what is the compromise that these people offer on this question? They say: "Let us increase the ratio; let us put more silver into the dollar"; that is, let us make the dollar dearer. The minute you do that you compromise away the principle that there is effect in the law to give value to money. You treat silver as a commodity, and you set gold up as the arbitrary measure of all values. If you but compromise away one single grain, you do that. If you make the ratio 20 to 1, you put so many more pounds in the bushel of wheat, so many more ounces in the pound of pork; you make the dollar dearer, and you compromise away the right of the debtor class. I want to tell these gentlemen that I did not come here to compromise away the rights of my constituency. I received a letter from a friend of

mine to-day that expresses my sentiments exactly. He says: "Jerry, you stand by 16 to 1 until hell freezes over, and we will send you a pair of skates to come home on." [Laughter and applause.]

We would never have had a rebellion in this country if our statesmen had not been compromisers—compromising away truth and justice and human rights. Webster and Clay, all the great statesmen of that era, were compromisers; and it finally ended up in a civil war which shook the country to its foundation and left a debt, with an attendant train of evils, that the youngest men in this House will never see entirely rooted out.

On August 19 Champ Clark [Mo.] spoke in favor of the free coinage of silver.

The gentleman from Maryland [Mr. Rayner], in his impassioned address the other day, declared that our contention that gold and silver are the money of the Constitution is an argument constantly addressed to the ignorance of the country. That is certainly a refreshing sort of statement. It appears to me that somewhere I have heard before of persons who exploited their superiority over the remainder of mankind, and who stood on the street corners rolling their eyes to heaven and thanking God they were not as other people. [Laughter.]

But there is no imminent danger that wisdom will die with the men from the East. [Laughter.]

But I undertake to say that until the chief industry of the East came to be lending money the wisdom of the East was on our side, and that until the senior Senator from Ohio [John Sherman] took a trip to Europe in 1867 every great statesman of this country, even in the East, had been a bimetallist. [Applause.]

It was one of the very few propositions agreed upon by Alexander Hamilton, the grandfather of the Republican party, and Thomas Jefferson, the chief priest, prophet, and apostle of constitutional liberty.

Aye, more. I state here and now, without the fear of successful contradiction, that, until unhallowed greed combined with prostituted ingenuity to discover new ways of despoiling the many for the benefit of the few, no great financier of any age or clime can be named who seriously advocated a single standard, while on our side the roll call includes all the eminent political economists who ever lived. [Applause.]

The gentleman from Ohio [Mr. Harter] likens our Uncle

Samuel to a patient suffering from alcoholism, and prescribes the gold cure. That he is very sick is true, but Dr. Harter makes an incorrect diagnosis. He is suffering not from delirium tremens, but from anæmia—from poverty of the blood—from inanition—from a lack of the circulating medium. The gentleman's remedy for our uncle, who has been bled almost to death by the Shylocks for their pound of flesh, is to still further deplete the tottering and enfeebled old man by more bleeding. Like the horse leech's daughter, he still cries in the dull ears of the illustrious sufferer "Give!" "Give!" [Laughter.]

What this country needs is not Dr. Harter's Iron Tonic, but Dr. Bland's Silver Cordial. [Applause.]

The gentleman from New York [Mr. Hendrix], who acknowledges that he is a Missourian by nativity, who is fortunate enough to be the president of a national bank, and who came to Congress by way of the East, draws a soul-harrowing and tear-compelling picture of the long-suffering and patriotic New York bankers standing in the breach after the manner of Leonidas at Thermopylæ and "holding up the financial system of the country by the neck." [Laughter.]

That is certainly a spectacle for men and angels.

The trouble is that they have had the business of the country by the neck until they have choked the breath of life out of its body [applause and laughter] and until the consuming desire of the great mass of the people is to break that same neck hold of Wall street. [Applause.]

He repeatedly told us that the monetary evolutionary processes which God set in motion had evoluted every civilized nation except ours into the single gold standard, and would in a few days evolute us into the same condition of ineffable felicity. [Laughter.]

Now, I never was much of an evolutionist, and have always preferred Moses to Darwin; but after listening to the gentleman's speech I believe more firmly in the Pentateuch than ever—for, if the highest product of all the evolutionary process is a Wall street gold bug, then the evolutionary process has been of little benefit to the human race. [Great laughter.]

According to his rather curious theory God Almighty—and not the Sherman law—is responsible for the condition that involves the globe to-day and is therefore presumably in favor of the gold standard.

In the absence of a revelation on the subject, and considering all the circumstantial evidence in the case, it looks as though God were on our side. [Applause.] In the beginning, in His

Infinite wisdom, He so distributed the precious metals throughout the world that after six thousand years of ceaseless human endeavor the quantities of gold and silver in circulation are almost precisely the same. [Applause.] He created man and woman to go in pairs, and bade them "Go forth, be fruitful, multiply, and replenish the earth." With alacrity has that command been obeyed. [Laughter.] He also created silver and gold to go in pairs, and sent them forth on the mission of propagating, multiplying, and replenishing the business of the world. Nobly have they discharged that duty, and of them, as of the bride and bridegroom at the marriage altar, may it be appropriately said: "Whom God hath joined together, let no man put asunder." [Applause.]

But we are dogmatically told that these metals which have been the faithful servants of humanity from a time whereof the memory of man runneth not to the contrary must now, after being lawfully wedded for sixty centuries, be divorced at the behest of England, the bully and freebooter among the nations of the earth.

I beg gentlemen to remember that, just so certainly as our mania for divorce between husband and wife is sapping the foundations of our social and moral fabric, just so surely will the divorce of gold and silver sap the foundations of our business fabric and cause the temple of our prosperity to topple to the dust. The gentleman assumes the rôle of prophet, and exhibits to us the happiness and glory in store for us if we vote with him, and the infamy and execration to which we are heirs if we vote as our constituents desire us to vote. Indeed, all the gentlemen on that side of the question indulge liberally in prophecies. They call to mind what Charles Dickens says of David Copperfield's sitting night after night under the gallery of the House of Commons, "recording predictions that never came to pass, prophecies that were never fulfilled, and explanations that were only meant to mystify." [Laughter.]

The gentleman from New York tells us that the panic was brought about, not by reason of the Sherman law, but because the Anglo-Saxon race has overdone the business of production. But he offered no remedy for the evil. The Anglo-Saxons are an industrious, ambitious, thrifty stock; but what would he have them do—stop the plow in the furrow, the sickle in the swath, and the mill in its grinding? That is decidedly rough on people who want to work, who know how to work, and who find their chief delight in work in the sweet hope of making pleasant the lives of their children.

But, if the panic in the United States is chargeable to the overproduction of Anglo-Saxons, how does it happen that it came on first in the South American republics, where few Anglo-Saxons find an abiding place, and where Spanish-Americans constitute the bulk of the population?

He professes himself an international bimetallist, and wants silver coinage postponed to a more convenient season, ignoring the fact that hope deferred maketh the heart sick.

The day has surely come at last when this Republic should lead and not follow in the procession of the nations, and if that day has not already dawned may God speed it in its coming. More than one hundred and seventeen years ago this country, then a feeble infant, declared its political independence of all the world, and some people have the audacity to believe that she, having grown to colossal proportions, should declare her financial independence and be free indeed. [Applause.]

And suppose that we completely remonetize and rehabilitate silver and England cuts our commercial acquaintance—what then? It would inevitably give us control of the commerce of every silver-using country on the globe—France, India, China, Mexico, the Central American States, and the republics of South America—which would more than compensate us for the English trade. [Applause.]

Gentlemen on the other side admit that there is not enough money in the country, for they rejoice with us that gold is now returning to this country; they try to make us believe that the annual output of gold available for coinage is constantly increasing, and they ask us to join them in passing a law authorizing the national banks to issue bills up to the full limit of the par value of the bonds on deposit.

The first source of increase which they suggest—the return of gold from abroad—may or may not be permanent; the second source of increase, the growing annual output of gold available for coinage, is without basis of fact, and as to the third source of increase—the leave to the national banks to issue more bills—we are not particularly enamored of the idea of placing ourselves absolutely at the mercy of the national banks and giving them power to expand and contract the volume of the currency at will. [Applause.]

The gentlemen of the single gold standard declaim grandiloquently about upholding national honor and about the sanctity of contracts. They charge us with being repudiationists. Now, who repudiated the contract? It was expressly provided that the bonds should be paid in "lawful money"—which meant

gold, silver, or paper; and this was just, for their owners paid for them in paper money worth 40 cents on the dollar. Then, after the war was over, and they had the bonds securely locked up, under the pretext of "strengthening the public credit"—that is the way they put it—not of "strengthening the bank account of the bondholders" [laughter], which is the way it ought to have been put—they induced a supple Congress to repudiate the contract with the people and to make the bonds payable in coin. That was step number one to rob the people. That was bad enough in all conscience. But worse was to follow. They by fraud induced Congress to pass the act of 1873 demonetizing silver, thereby making payment in coin mean payment in gold.

Again, I ask who broke faith? Who repudiated the contract? The people or the bondholders?

What was the result of these changes? It meant that it took from the people in way of taxes two horses, two cows, two sheep, two hogs, two bushels of wheat, corn, oats, barley, or flax, where one was taken before; it meant two blows of the axe, maul, sledge hammer, or pick where one sufficed before; it meant two drops of sweat wrung from the brow of labor where there was one before; it meant less food, fewer clothes, less time for study, poorer shelter, less leisure, and less enjoyment to every man, woman, and child in this broad land who works for a living. [Applause.]

It means that after the people have been taxed nearly to death for thirty years to pay the public debt, and, after paying two-thirds of it, they practically owe more of it than they did when they began to pay it. It is only a repetition of the story of the Sybilline books.

Solomon says:

> There are three things that are never satisfied, yea, four things say not It is enough: the grave; and the barren womb; the earth that is not filled with water; and the fire that saith not It is enough.

If he were writing his Proverbs now he could add a fifth thing that is never satisfied—the holder of American bonds.

The national banks are heard here and get what they want. The tariff barons are heard here and get what they want. The bondholders are heard here and get what they want. The subsidized steamship mail companies are heard here and get what they want. These can always offer a reason which carries instant conviction with it. But when the farmers of the country, through their representatives, prefer a request that they be not totally ruined, they are told to work more and talk less. When millions of honest laborers ask Congress to so order things as to give them the poor privilege of having a chance to toil, they are denounced as tramps and vagabonds. [Applause.]

"Let the people eat grass," quoth the pampered lackey of Louis XVI, who lost his head upon the block. "Let the people be damned," shouts William H. Vanderbilt.

For thirty-two years the legislation of this country appears to have had one end in view—that of building up a moneyed aristocracy, the very danger which the fathers of the Republic foresaw, against which they warned us, and from which Jefferson thought he had saved the country, when he abolished the law of primogeniture.

We have during this debate heard many sneers at "popular delusions."

"Popular delusions!" Those are sonorous words. We are gravely told by the single-standard gold men that the people do not know what is the matter with them, cannot understand what is destroying them, do not know what they want, and must rely for information entirely upon the leaders of the other side. That would certainly be repeating the ancient and futile performance of going to a goat's house for wool.

Now, the average American citizen may not be much of a political economist or logician, but he knows when he is hurt and when his business is crippled. [Applause.] He understands that when, after toiling sixteen hours a day through summer's heat and winter's cold, and after practicing the severest economy, he cannot at the end of the year make buckle and tongue meet, there is something radically wrong and that "something is rotten in the state of Denmark."

He may be afflicted with "popular delusions," but when he cannot, in 1893, sell for $50 per acre a farm which in 1872 cost him $100 per acre, he will search for the authors of that unpleasant phenomenon, and punish them when found. His weapon is the ballot, which, in the hands of resolute men, is more effective than shot and shell and Krupp's big guns. [Applause.]

The great Irish orator, Charles Stewart Parnell, once said:

> Opportunity is a horse, saddled and bridled, which stops at each man's threshold once in a lifetime. Be ready, mount, and he carries you on to success and honor. Pause but a moment, he is gone, and the clatter of his iron hoofs, echoing down the corridors of time, will forever remind you of what you have lost.

My Democratic brethren, the magnificent silver-white steed stands pawing impatiently at our gates. Let us vault into the

saddle and ride him into the realm of unfailing prosperity amid the benedictions of a grateful people. [Prolonged applause.]

William D. Bynum [Ind.] supported the repeal. In particular he defended Secretary Carlisle against the charges which had been made against him. After describing the drain upon the Treasury by the "endless chain," he said:

The Secretary of the Treasury was powerless to do anything to stop it. The law required him to maintain the parity between our gold and silver coin and to do this it was essential that he should redeem the treasury notes in whatever character of money the holders demanded. To have refused to do so would have been an acknowledgment that one was preferable to the other, one more valuable than the other—an admission the Government could not afford to make. To have refused payment in gold would have been to put gold to a premium and increased the excitement and aggravated the stringency.

In my judgment the Secretary, Mr. Carlisle, during the ordeal through which he has conducted the financial affairs of the Government, has not only sustained his high reputation, but has achieved a name that will compare favorably in history with those of the great men who have preceded him. That there was a great pressure to force an issue of gold-bearing bonds there can be no question. To have issued bonds would simply have been a restoration of the reserve by enlarging the demands to be made upon it.

It is not surprising, therefore, that the Sherman law has no friends; that it has been disowned by its reputed father. Every person condemns it as wrong in principle and vicious in practice. The singular fact, however, is that, while the friends of free coinage admit that it has worked great harm, they insist that it must remain in force unless something is adopted in its stead. The only excuse assigned for its maintenance is that it increases the volume of money and keeps down the appreciation of gold.

We have already seen that since its enactment $164,098,974 in gold has been driven out of the country. Nor is this all; during the same period the circulation of national banks was reduced $7,370,623, making a reduction in the volume of money in circulation of $171,469,597.

The entire amount of treasury notes issued under the provisions of this act to August 1, 1893, was only $148,286,234, showing a net reduction in circulation during its existence, if there had been no accessions from other sources, of $23,183,249. Why, then, should this measure, productive of such dangers, be maintained a single day? Why should it be used as a club to drive the representatives of the people into the adoption of some other measures which their judgments do not approve? [Applause.]

Gentlemen who are demanding that something shall be enacted in the place of the Sherman law know that that cannot be done now. They know it is unconditional repeal or nothing. If they succeed in grafting upon the measure for repeal a single one of their proposed amendments they know that the same cannot be enacted into a law. Your alternative, therefore, is to accept repeal or nothing, and upon that issue you must return and answer to your people.

Go home to your merchants who are unable to make collections to meet maturing bills, and say to them that you knew they were being pressed, but you could not secure just what you wanted, and that they will have to bear it the best they can. Go back to the farmers, who are unable to market their wheat at any price, and tell them that you admit there was and is great stringency in money; that the repeal of the Sherman law would probably have relieved the situation, but that you feared that if that was done you would be unable to get something in its stead in the future.

Go to the idle workingmen, against whom the doors of the mills and factories have been closed because their managers could neither collect nor borrow a sufficient sum to meet their pay rolls, and tell them that you knew they and their families were suffering, but that you felt it was better for them to bear their afflictions till your views should be incorporated into a new law, and, if they do not denounce your conduct in words of condemnation, bitter and burning, I am mistaken in their character and temper.

Mr. Bynum then defended the gold standard.

Why should we fear the gold standard? Above all nations on the face of the earth we should be benefited by it if any would. If Great Britain and Germany, which practically produce no gold whatever, can adhere to the gold standard, why cannot the United States, that produces one-fourth of the world's supply? Not only do we produce gold enough to supply ourselves, but over all nations we produce an abundance of supplies that draw gold from the furthest corners of the earth.

In the Brussels conference the British delegates had but one proposition to offer, and that was that the European nations should purchase £5,000,000 in silver for five years if the United States would continue to purchase 54,000,000 ounces annually. She was willing to go down into her pocket and assist in purchasing between thirty and forty million ounces of silver if we would but continue the operations of the Sherman law for the same period. It was a shrewd proposition. Her representatives no doubt calculated that if they could get us into an agreement for five years they would at the end of that time have all our gold, including the balance of the reserve in the treasury. We not only repel the insinuation but denounce the action of the advocates of free silver with striving to accomplish what the British Government would give a handsome bonus to have done.

Mr. Speaker, gentlemen upon the other side of this question, apparently, through the whole of this debate have been unable to distinguish the difference between the gold standard and gold monometallism.

There is not a nation on earth with a gold standard but what has more or less silver to supply the needs of its people in domestic trade. There is a large and useful field for silver, and no warfare is being made upon it. We are told that there is not enough gold in the world to supply the different nations with sufficient money upon which to transact their business. Most assuredly there is not, nor could the business be transacted with gold if there was a superabundance. But there is plenty of gold by which to fix and measure values and adjust the balances between nations.

The gold standard does not mean that gold alone shall be used, but that all measures must conform to that standard; silver, paper, drafts, checks, clearing-house certificates, or any other device may be used, but they must be used in such a way as to give exact measure by the standard. We who are contending for the preservation of the gold standard do so because it is the most stable that has ever been discovered and because all the civilized nations of the world have adopted it. I am in favor of the use of all the silver that we can coin and maintain at a parity with gold, of providing for the issue of all the currency that can be floated at par, but not another dollar.

I have no faith in that character of prosperity which comes with cheap money. Money to be of value to the people, to protect the weak against the strong, must honestly measure the results of human toil. I fully agree that the medium of exchange

should be ample to enable the people, at the least cost and in the briefest time, to exchange their productions, but an oversupply of money stimulates wild speculations, unsettles credit, and, sooner or later, brings on a collapse.

In my opinion there is not a scarcity of money in the country to-day. We have transacted a much greater commerce and enjoyed the highest prosperity with far less money than we have in circulation now.

I have been amused during this debate at the remarks of some gentlemen who have so indignantly scorned the idea that our standard of values should conform to that of the civilized nations of the world. We are a free and independent nation, they say, and therefore should cut loose from the monarchies of the Old World and establish one of our own. We can do this, but it would be well to know that our parachute is in good working order before we try the experiment.

Mr. Speaker, I am not a pessimist, but I look into the future with some forebodings. The belief that Congress, by legislation, can produce unlimited wealth, and distribute the same among the people, seems to prevail in every quarter. There is but one way in which a nation can become rich and her people prosperous, and that is by the productions of toil and not by the inflation of values by enlarging the volume of money. We should do our duty fearlessly and the people must do the rest. [Applause.]

On August 23 Joseph G. Cannon [Ill.] opposed repeal.

I am not here to degrade the currency; but, while that is true, I am not here to obey the command of the extreme people who want gold and gold alone for currency; that means contraction and wrongs the debtor. Nor am I here to obey the command of the extreme people who want silver and silver alone for currency, and only 60 cents' worth in a dollar; that would wrong the creditor. One would bring us to the yellow metal alone for money; the other, in the name of bimetallism, would bring us to the white metal alone for money. I want both metals. My party, in a national platform, pledges me to both metals. Good politics pledge me to both metals. I believe it is entirely practicable to have them.

What would I do in the meantime? I would let the purchase clause of the Sherman act stand until the other side of the House can meet this side of the House calmly and coolly;

not under the influence of panic or excitement or prejudice; not without power even to offer an amendment, but with the full power of amendment and debate, and after full consideration enact a provision that would utilize all the silver that may be offered for use as money at its commercial value. In my judgment this can be done by allowing any and all owners of silver bullion to deposit the same in the United States treasury at the world's market price and receive therefore certificates or treasury notes redeemable on demand, in sums of $100 or any multiple thereof, in silver bullion at the market price, or gold coin, at the option of the Government, making the treasury notes a legal tender for all debts, public or private.

I believe it can be done. But why do you not offer the amendment? says some one. Because, Mr. Speaker, the extreme silver and fiat money men in this House met and shook hands with the extreme gold men on the Democratic side of the House, and adopted the rule under which you are now proceeding, that says I shall not have, as the representative of my people, the poor opportunity of offering a single amendment of any character on this subject. [Applause.]

What does wisdom counsel us to do? I will answer in a sentence. There are six hundred millions of gold and about that much silver in this country; we have over 65,000,000 of people; the population is increasing at the rate of 2,000,000 every year; we now have power to sell bonds to maintain all the money at a parity.

Without the sale of one dollar of bonds, I am satisfied that during the administration of Grover Cleveland under existing law we can go on and have an increase in the currency of nearly $40,000,000 a year, and that all the money will be as good as gold. I think the people, having tried a new experiment, will turn back to their first love. [Applause on the Republican side.] In any event I will not help change existing law unless you put something better in its place.

But, says somebody, will you vote for free coinage of silver? No; not under existing conditions unless you put a dollar's worth of silver in a silver dollar. And I will tell you why. With the nonuse of silver by the principal commercial nations in the world, and the late action of England with regard to the India mints, I do not believe that the free coinage of silver on the ratio of either 16 to 1 or 20 to 1 will assure us both gold and silver.

My judgment is that such coinage of silver would drive the gold out of the country, and we would have silver in cheap dollars alone for money. In the fullness of time I believe the coinage ratio of gold and silver will be settled by agreement between the principal commercial nations of the world. When that is done, we can safely have free coinage of silver. In the meantime it is our duty to utilize silver at its commercial value for currency. Silver always has been, is now, and in my opinion always will be one of the money metals of the world. [Applause.]

"Ah! but," says somebody, "we want to repeal this act to strengthen our credit." Strengthen it where? I ask; in Europe or at home? Mr. Speaker, the Government's credit does not need strengthening at home. You cannot find any citizen of the United States who does not believe that the credit of the United States is now first class; in Europe the credit of the United States is first class.

Oh! But says somebody, The creditors are afraid they are going to be paid in cheap silver. Oh, no, the laws of this country can be read of all men, and the construction given to those laws by both Democratic and Republican Administrations, tells everybody everywhere that all the money Uncle Sam has in his hands, and all his obligations, as well as all the circulating medium, is to be gold and that which can look gold in the face and say, "I am as good as you are." [Applause.]

To my Republican friends, in conclusion, I say, to what feast are we invited? To the repeal of this act that we wrote upon the statute book, and that has been beneficent in its operation; and when it is repealed, with a contracting currency and an increasing population, we have full notice that there is to follow fast and furious upon its track the performance of the pledge made by the Democracy, upon which they say they won full power, namely, to strike down the last vestige of protection to American industries and American labor, and place upon the statute books in lieu thereof a tariff that will yield revenue only, but no protection to any American citizen who walks upon our soil and breathes our air.

In full competition with labor abroad, importing that which we heretofore made, with a contracting currency instead of an expanding, safe currency—that is the feast to which we are invited by our Democratic friends. For one I will go hungry before I dine at such a table; for that matter I would go hungry if I dined at such a table. [Applause on Republican side.]

James G. Maguire [Cal.], Single Taxer, opposed repeal. In the course of his speech, a long one, he gave

his ideas as to the best system of finance and the causes and prevention of panics.

It has long appeared to me that in the matter of finance, as in most matters relating to production and exchange, the world is governed too much; that governments in attempting to fix the values of commodities, whether they be gold or silver, or wheat or potatoes, always create more confusion and inconvenience than their efforts were intended to avoid. The establishment of *media* of exchange is purely a commercial function, and should be left to the jurisdiction of the flexible and unerring laws of trade. If commerce selects gold and silver as the most convenient commodities to serve as *media* of exchange, the only function of the Government, with respect to such *media*, should be to freely coin the pieces of either metal, placing upon each coin a stamp indicating its weight and fineness, leaving the laws of trade to determine when and where and in what proportions and at what ratios the metals should be used in exchange.

The Government should have no money but its own treasury notes, issued to the extent of its annual requirement for revenue, receivable in payment of its taxes of all forms, and made legal tender in the course of business, on an equality with the kind of money in which such taxes are levied. This would do away with all the struggles for business advantages to debtors and creditors and mine owners, by the alternate contraction and inflation of currency through acts of Congress. It would do away with the periodical appeals on the part of business this year to contract the currency in order to strengthen securities and establish confidence in the stability of our money; next year to inflate the currency, in order to afford a sufficient circulating medium to meet the requirement of commerce. It would leave the regulation of all those matters to the wiser and more certain laws of trade, which arise naturally out of the business relations and transactions of men, and do not depend for their correctness upon the information or the prejudices or the fears of arbitrary legislators.

For temporary relief in the present crisis, the plan of the gentleman from Ohio [Tom L. Johnson] to issue treasury notes to the par value of all United States bonds deposited by any and all holders of such bonds is the best that has been suggested.

The advocates of a single gold standard have made a desperate attempt to convince the people that the prevailing hard times are due to the disposition manifested on the part of our Government to favor an extension of silver coinage, and to the fear that the displacement of gold in our national treasury by silver bullion, under the provisions of the silver-purchase act, will naturally and necessarily force our Government to a largely extended coinage of silver, and thus enable the debtors of this country to pay their obligations in a depreciated silver currency. But the evidences of history and of contemporaneous events are all against that claim. Our industrial depressions may be increasing in intensity, but they are not all changing in kind.

This is the seventh industrial depression through which we have passed in this country within sixty years, and each of these depressions has extended to all of the leading civilized nations of the earth. They have become a feature of modern civilization, and recur at intervals of from eight to ten years, with almost the regularity of changes in the moon's phases. They produce greater havoc and misery than the periodical wars and pestilences of the earlier civilization.

In earlier ages they had no hard times, except when crops failed, resulting in famine, or when wars or pestilences interrupted the industries of the people. But industrial depressions come upon us now when we are at peace with the world, and when every natural condition seems radiant with the promise of prosperity and plenty. Suddenly thriving industrial and commercial enterprises become unprofitable. The capitalists who conduct them find that when their rents and wages have been paid out of their production they are not getting interest upon the capital which they have invested. They call a halt. They economize. They demand that labor shall share the loss which they are suffering. A conflict between capital and labor ensues, with its incidents of strikes, boycotts, and lockouts, unhappily sometimes attended with bloodshed and destruction of property. Compromises are from time to time reached, which are in turn broken as new conditions offer advantages to either of the contending parties.

The waste of the conflict takes away whatever return might otherwise come to business. Production is checked in that quarter and the producing laborers are thrown out of employment. The purchasing power of the laborers thrown out of employment is destroyed. Their demand for other commodities is checked by the destruction of their purchasing power, and the production of such other commodities is likewise checked. These effects of the great primary cause speedily communicate their influence through the whole network of the world's productive agencies, diminishing profit by checking demand for productive effort. With the cessation of production in one quarter or in one

line comes a corresponding suspension of demand for commodities of other kinds. The merchant cannot sell his wares because his customers have lost their purchasing power. He cannot collect the obligations due him for the same reason, and he cannot pay his debts to the wholesale merchant because he cannot collect his dues from his customers.

The wholesalers have arranged for commercial credit on a basis perfectly safe so long as sales continue and payments are made within the periods of ordinary trade credit, but wholly unsafe when collections from retail merchants fail. The wholesaler is pressed for the payment of his obligations. He in turn presses the retail merchant. The retail merchant presses his customers, but his customers are out of employment, and unable not only to make further purchases according to their necessities, but to pay their comparatively small debts for past purchases.

Universal stagnation ensues. Merchants and manufacturers continue nominally to carry on business, although profits are gone. They pay rent out of their capital for the sole purpose of saving their locations, which have become an important part of their business. The glimmering taper of hope allures them even to the vortex of general bankruptcy. Financiers become alarmed for the safety of their investments and for the sufficiency of securities. They insist upon the sacrifice of securities for the satisfaction of their claims. The millions of small depositors in savings banks are forced to draw upon their bank savings to meet their obligations and to pay the expense of living, which in good times are paid out of their daily wages.

Those who do not need their deposits for such immediate use begin to feel that the risk of the bank's stability is too great for the interest which the deposits yield. They attempt to withdraw their deposits, panic seizes upon the minds of depositors generally, and run after run is precipitated upon such banks, which, having the bulk of the deposits loaned upon securities on which they cannot immediately realize, are forced to the wall. Their suspension of payment increases the panic and adds to the general distrust. Credit, upon which nine-tenths of our business is done in good times, is entirely withdrawn.

Every firm, corporation, and individual is employed in gathering and hoarding such money as can be obtained to meet the exigencies of his or its own business, for in the best of times our industrial and commercial systems are honeycombed with debt, and a capital of $10,000 floats a credit of at least $30,000. This enormous contraction of the instrument of exchange is fatal to what remains of business. The business of the whole

country finally collapses under the strain. Then a new adjustment of rent, interest, and wages is made, and the wheels of industry and commerce revolve again, bringing the blessings of prosperity and peace. This is the history of every industrial depression, and the present depression is not in any respect exceptional.

Russell Sage, a distinguished financier, is reported as saying that this depression is exceptional because it has "touched bottom," as he expresses it. But every industrial depression of which I speak has "touched bottom"; that is to say, it has ultimately reached the land-owning class and has compelled that class to largely reduce its ground rent in order to give business a chance to pick up again. That is "touching bottom." Then by some process, as mysterious to the general observer as the beginning of the depression, times improve, business gets better, credit grows stronger, and an era of prosperity ensues which gives promise of perpetuity. For four or five years it continues to rise, then it is changed again, and the history of the former depression, through the course of another three or four years, repeats itself with marvelous exactness.

It is idle to attribute these depressions to local or temporary causes. Their cause must be as general as its results. A cause affecting this country alone will not explain an industrial depression existing at the same time in England, France, Germany, Belgium, and in all of the English colonies that girdle the world. Neither is it reasonable to attribute one of these depressions to a cause which manifestly did not contribute to any of the other precisely similar depressions occurring before it.

A brief history of all of these depressions will be found in a volume entitled "Industrial Depressions," published by Hon. Carroll D. Wright, our National Commissioner of Labor Statistics, in 1866. The first of these depressions reached its climax in 1837; the second about the year 1847; the third about the year 1857; the fourth in 1866; the fifth commenced in 1873 and continued to 1879, reaching its climax about the year 1877; the sixth reached its climax about the year 1884. All of these depressions swept over all of the countries which I have named. The present depression likewise prevails in all of these countries. It commenced in the latter part of 1889, and has, we may reasonably hope, reached its climax at this time.

Indeed, while we have been discussing this bill the telegraphic columns of our daily papers show that industrial, commercial, and banking institutions all over our country are resuming business operations.

I do not say that the crisis was not in any way accelerated by the Sherman act; but I do say that, with or without the Sherman act, it was inevitable. A much more important factor in intensifying the depression and hastening the crisis was "the culminating atrocity of class legislation" known as the McKinley tariff law, for the prompt repeal of which the people put the Democratic party in power.

I quite agree with our Republican friends that it is the duty of the Democratic party to get through with this question of finance at the earliest possible moment, not for the purpose of adjourning and going home, but in order that we may proceed to the more important work of tariff reform with all possible dispatch.

Philosophers, faithful in the pursuit of truth and daring to follow her wherever she may lead, have traced to their primary and universal cause these periodical calamities which blast the happiness and desolate the homes of half the people of the civilized world once in every decade. That cause is the constantly recurring pressure of ground rent, as a factor in the distribution of wealth, against the profits of capital and the wages of labor.

Here Mr. Maguire presented the arguments of Henry George in his "Progress and Poverty" as to the cause and cure of recurring financial panics [see Volume X, chapter II].

He said in conclusion:

I believe I have satisfactorily shown that the silver-purchase provision of the Sherman act, unsound as it is in principle, is not a materially contributing cause of the present crisis, and that the mere repeal of that provision, without other legislation looking to the extended coinage of silver, would result in more harm than good.

I am not satisfied that the free coinage of silver at any fixed ratio can be so maintained by this country alone as to secure the general use of both gold and silver coins at a parity. But I prefer such an experiment to the legislative elimination of silver from our currency.

I am opposed to any change from the present ratio in the coinage of gold and silver, because such a change would involve infinite confusion and great expense.

I shall, therefore, vote:

First. For the amendment of the gentleman from Missouri [Mr. Bland], providing for the free and unlimited coinage of gold and silver at the ratio of 16 to 1.

Second. That amendment failing, I will vote for the extended coinage of silver according to the terms of the "Bland-Allison act" of 1878.

Third. If both of these propositions fail, I will, as a choice between evils, vote against the unconditional repeal of the silver-purchase act.

I have no idea that we shall be able to do anything at this session of Congress to relieve the existing depression.

Some day it will be the province of this Congress, and of our State legislatures, to remove the primary cause of these periodical scourges of our country and of our civilization.

In that day the triumph and the vindication of Democratic principles, of the principles of Thomas Jefferson and his illustrious disciples, will be complete, and equal rights and natural justice will be irrevocably established among men. [Applause.]

On August 24 Tom L. Johnson [O.], Single-Taxer, spoke in favor of repeal, although he announced that he did not think the Sherman act was responsible for the panic, and that he did not believe that its repeal would restore prosperity.

Important as the money question may be, its importance is as nothing when compared with the question of taxation. Nevertheless, the money question is an important one—next to that of taxation the most pressing business before this Congress.

I am opposed to the storing up of silver before this Congress. as I would be opposed to the storing up of wheat, or wool, or whisky, and just as I am opposed to the subtreasury proposal of the Populist, so I am opposed to this subtreasury act of the silver producers. It is a taxing of the many for the benefit of a few—a prostitution of governmental powers to a purpose with which government should have no concern. It is a step on the road which must inevitably destroy government of the people, by the people, for the people, and make it a government of plutocrats, by plutocrats, and for plutocrats—a form of government more corruptive and more degrading than that of hereditary aristocrats or rulers by right divine.

If I could see in free silver what has been so eloquently claimed for it by its advocates, I would gladly join their ranks. If it would really cure, or even in some degree tend to cure, the inequalities manifest on every side, producing the millionaire

and the tramp; if it would stop, or even tend to stop, the closing of factories and the forcing of able-bodied, willing men into idleness; if there would be in it any remedy for the apparently overstocked labor markets and for the hardships that the producers of this country are now suffering from, it would be our duty, even though it worked some injustice to the rich, to adopt it as a measure calculated to bring greater comfort to that class of society which, in my judgment, bears the heaviest burden.

But what does the free and unlimited coinage of silver mean? It does not mean, as its advocates seem to suppose, the concurrent coinage and use of both gold and silver. It can only mean the concurrent coinage and use of both metals when and during such time as the legal ratio in the value of the two metals shall coincide with the commercial ratio. It is not the choice between bimetallism and monometallism which is offered to us, but the choice between gold monometallism and silver monometallism.

HENRY C. SNODGRASS [Tenn.].—Do I understand the gentleman then to concede that the country is to be reduced to a single gold standard?

MR. JOHNSON.—I understand that ...e country has been upon a single gold standard since 1834, except during the period of depreciated paper money; and I for one am not willing now to make a change. You offer no reason for it. You tell us that prices will go up. What of it? We are not here to deal with prices. We are here to maintain a unit (or if it were an original proposition, to select one) which will be fair to both debtor and creditor.

MR. SNODGRASS.—I wish to ask the gentleman whether, when the public debt was funded in 1870, that debt was not made payable in the coin of the country, both gold and silver, and whether, if we change the medium of payment now and adopt a single gold standard, we do not appreciate the claim of the creditor while we depreciate the ability of the people to pay.

MR. JOHNSON.—If you ask me whether a great injury was then committed, I answer yes. But can you, here and now, complaining of that wrong, ask us to do a similar injury to another class?

MR. SNODGRASS.—We simply ask that the contract shall be complied with.

MR. JOHNSON.—That is a transaction of twenty years ago. We are not responsible for what then occurred.

There is only one way to obtain even momentarily free coinage of both gold and silver at the same time, and that is to adopt a legal ratio that would conform to the commercial ratio—a matter as difficult as standing a needle on its point.

Mr. Johnson then presented his project for a currency system, which had already been alluded to in the debate.

That we are suffering to-day from a temporary scarcity in the supply of actual currency, caused by the curtailment of credits and a general distrust that has led to the hoarding instead of the circulation of money is too obvious for argument. But in a bill to establish an interconvertibility between United States bonds and treasury notes which I introduced at the last session of Congress, and a still simpler and more quickly effective measure of the same kind which I have introduced in this, I have endeavored to put into practical form what I believe to be the quickest, safest, and most efficient mode of putting an end to the currency famine and giving elasticity to our present currency.

I am deeply anxious to get this money question out of the way, that we may turn our attention to far more vital things. The three branches of the national Government stand pledged before the people to the abolition of the protective features of the tariff. We ought not to lose a day nor an hour in redeeming our pledge.

To strike off the shackles which protectionism has imposed upon production and trade, to strike down the trusts and monopolies which it has built up, would do more to open the factories and give relief, and create a demand for the products of mine and farm, than any amount of tinkering with the finances. And for that permanent relief which would do away with industrial depressions, which will end the strife between labor and capital, which will secure to all men their full share in the opportunities offered by nature and the improvements made by an advancing civilization, we can only look to a measure to which the advance of free trade leads, and which is its final culmination—that great measure popularly called the single tax. [Applause.]

Lafe Pence [Col.] made a humorous attack on Mr. Bynum for his change of front on the free silver question.

Mr. Speaker, I was born in Indiana, and bred in the school of Voorhees, of Cooper, of Bynum, of that State; and right well

they taught me my lessons, and set me upon a course concerning which I shall not turn my face at the suggestion of pie from the Administration. [Laughter.]

Standing here as a representative of the People's party, if I desired political advantage, I should greet with joy the probability of the Democracy surrendering to the command of the Executive, and of the Republican minority being chained absolutely to the Executive chariot; but I hope I am prompted by higher wishes and motives than that.

My people in Colorado, fifteen hundred of whom were taught by the gentleman from Indianapolis [Mr. Bynum], as was I, protest through me against this abject surrender that is being made by the Representative from the good old State. [Applause.]

I shall not carry the gentleman back far in recollection. Only to October, 1891, when the gentleman from Indiana [Mr. Bynum], with other Congressmen, made a tour through our country for the organization of Democratic clubs. On the night of October 13, 1891, the gentleman from Indianapolis [Mr. Bynum] addressed the largest audience ever assembled in the city of Denver, and he taught me no new lessons.

I read, Mr. Speaker, from the *Rocky Mountain News* of October 14, 1891.

I have always——

That means a long time past [laughter]—

been in favor of the free coinage of silver.

I was on the Committee on Coinage in the Forty-ninth Congress, and was one of the three members of that committee who reported the bill in favor of free coinage away back at the beginning of Mr. Cleveland's Administration. [Loud and prolonged cheering.]

[Laughter.]

Then this further quotation—but I hope if I scrape the mold from the memory of the gentleman he will thank me for it—

I have voted for free coinage from the time the question has been before Congress, and will do so every time it comes up.

[Great laughter and applause.]

Mr. Speaker, I trust that the teacher will not rebuke the scholar whom he trained for now telling him that the question has "come up." [Renewed laughter and applause.]

But that is only a part of it. Back in Indiana they do not

illustrate the speeches of public men; but with that spirit which marks all of our enterprises we do. I have here the front page of the paper of the same day which illustrates the impression made upon our people. First, the reporter, in addition to the report I have read, says:

Mr. Bynum was greeted with hearty and prolonged applause, and it was several minutes before the cheers had subsided and the orator could enter upon his theme. His declarations and his advocacy of free silver aroused the audience to the wildest enthusiasm, although the speaking had then been in progress for three hours.

[Great laughter.]

Mr. Speaker, that is only the beginning. Here we have what I cannot hold up and display to the House [referring to the bound copy of the paper before him].

Mr. Speaker, that it may not be lost to the members, I now shall request the privilege of having a copy of this cut made and incorporated as a portion of my remarks. [Great laughter.]

SEVERAL MEMBERS.—Describe it.

MR. PENCE.—What see I before me? A silver dollar. Supported; how? By the manly legs and feet of the gentleman from Indianapolis. [Great laughter.] Whose arms are these I see upraised as in invocation to high Heaven; whose face is this that I see announcing to the skies, "I always voted for free coinage; and always will when it comes up"? [Great laughter.] The noble presence to my left reminds me that I cannot be mistaken in the photograph. [Laughter.] If it requires unanimous consent to print that picture I hope I will get it [laughter]; and, if that is not sufficient, I hope my proffer will be accepted to pay for it myself and save the Government the expense. [Laughter.]

Mr. Pence then suggested that the change of front on the silver question by Mr. Bynum and other Democrats was due to their desire for political "pie." The President, he said, calmly counted upon this for the passage of repeal. Mr. Cleveland did not have to drum up supporters; they crowded to him offering their allegiance. He was in the position of the man in the poem:

"What! go to the ant?" said the sluggard;
"What a waste of my time that would be;
To the picnic I'll hie and sit down by the pie
And there let the ant come to me."

[Great laughter.]

When the gentleman who now is chairman of the Finance Committee in the Senate [Mr. Voorhees] is agreeing absolutely with the plans of Mr. Sherman, of Ohio, I could but be reminded of his article in the *North American Review* in November, 1891, when he [Senator Voorhees], writing of him [Senator Sherman], spoke of him as—

the financial weathercock of the Union; one who had been on all sides of the money question, who had changed oftener than anyone else, but always changed at the time and in the way that would best suit the purpose of Wall street and New York.

I will send the Senator from Indiana a copy of his own article by the first mail. [Laughter.] Mr. Speaker, it is no wonder that in our country we have come to be unable to distinguish the difference between the present Secretary of the Treasury, Mr. Carlisle, and the past Secretary of the Treasury, Mr. Sherman. It is true that upon this floor Mr. Carlisle denounced the Sherman policy, but little by little he has come to it, and now what scene do we behold? He who had been the denunciator of the policy of the Treasury Department in 1878 now the author of its continuance!

In my judgment, sir, the story of the gradual, slow temptation and change of Mr. Carlisle will be one of the saddest chapters in the history of this country. I worshiped at his feet as well as at the feet of the gentleman from Indianapolis continuously by day and by night during the soft and callow days of my youth. [Laughter.]

We can now see in our country the difference between the policy of the Treasury Department to-day and that of 1878. It is always against us. Now, Mr. Speaker, may I illustrate this case by a little story?

A stranger came into a little Indiana town on a certain Sunday morning, and, walking out from the hotel, he saw a little white church and a crowd going in, and he noticed that it was a Lutheran church. He walked on, and in the next block he saw a little brown church, and was surprised to see that it also seemed to be a Lutheran church. He went back to the hotel, and said to the proprietor, "It strikes me as rather strange that in a little town like this, hardly able to sustain one church, there should be two churches just alike."

"Oh," said the landlord, "while those two churches are somewhat alike, they are not *just* alike. Over in the white church they believe that the serpent tempted Eve, and Eve tempted Adam, and Adam fell; but over in the brown church

they think Adam was a bad egg from the start." [Laughter and applause.]

On August 25 Julius C. Burrows [Mich.] spoke in favor of repeal.

The gentleman from Nebraska [Mr. Bryan] tells us that we can enter upon this policy of unlimited coinage with perfect safety, independent of the nations of the world, and, repeating the story of "Liberty Bell," which sounded the birth of a nation, conjures us to break away from English domination; and yet that same gentleman, before the Fifty-third Congress shall have closed its labors, will be the first to toll the bell of a nation's dead industries and demand that the United States shall surrender its industrial supremacy and independence and the prosperity and hopes of its laboring millions to the unrestricted domination of British greed and power under the merciless policy of free trade. [Applause.]

I regret, Mr. Speaker, more than words can express, that in the course of this debate gentlemen have seen fit to employ language the effect of which, whether intended or not, is to arouse and ferment dissensions among the various classes of our people. The impression is sought to be made upon the public mind that there exists some monstrous conspiracy somewhere or somehow on the part of capital to oppress and outrage labor. I remember that the gentleman from Nebraska spoke of capital as "imperious, arrogant, compassionless"; and that "labor, workworn and dust begrimed, makes mute appeal."

Let me say, sir, that he who seeks in this country at this time or any other to inflame public passions and array one class of our citizens against another is an enemy to his country and to his race. [Applause.]

Instead of inflaming the public mind, let us rather by every means in our power seek to harmonize these conflicting forces, allay all public apprehension, and so legislate as to maintain the national credit unimpaired, restore public and private confidence, preserve the peace and good order of the State, and promote the happiness and prosperity of the citizen. [Prolonged applause.]

Jonathan P. Dolliver [Ia.] supported repeal.

I stand where I have always stood, for a national currency every dollar of which shall be equal in value to every other dol-

lar issued by the Government. So that if a man works for a day he may know what he earns; if a man has a crop for sale he may know exactly what he receives for it; if a man has a little property he may know exactly what it is worth; if a man is receiving a little pension that has escaped the malice of this Administration, he may know exactly what the pittance amounts to; if a man has a little money laid up in the bank for a rainy day, he may know exactly what his balance is; if a man has insured his life he may die without having his last hours embittered by the prospect of his family being swindled by the depreciation of his little estate; and if a man, like myself, has spent nearly all his lifetime bearing the burden of debt, he may know exactly what he owes [laughter], and make up his mind before God and man to pay it if he can, as our fathers did, without inviting a relief expedition from Bedlam. [Great laughter.]

Mr. Speaker, representing such a people I would not dare to cast a vote here which might have the effect of destroying the prosperity of American business by an experiment which, for all that has been said, presents itself to my mind in the form of an unlimited manufacture of short-weight dollars. [Laughter and applause.]

In voting to repeal the section of the act of 1890 requiring the monthly purchase of 180 tons of silver bullion I frankly confess that I am guided in part by what seems to be the prevailing belief of the business community. A friend in the city in which I live, in explaining to me his new views on religion and medicine, somewhat perplexed me by saying that a few months ago he "was caught in the elbow by a belief of rheumatism" [laughter], and, if I understood him correctly, his idea was that the way to handle it was to let the rheumatism go and pay attention entirely to the belief. [Laughter.]

On August 26 Thomas B. Reed [Me.] supported repeal of the Sherman act as an escape from silver monometallism.

The continuance of the purchases under the Sherman act would, in the estimation of the world, be a declaration that we intended to go on with our purchases to such an extent that we would find ourselves upon a silver basis after no great lapse of time.

It is asserted that by the repeal of the Sherman act we increase the burden of the debt upon the borrower. This would certainly be a very grave misfortune, if it were true. The business of borrowing and the business of lending are alike honorable. Such transactions arise out of the nature of man's needs.

Some men are willing to take the chance of the profit and pay the small gain which is necessary in order to obtain the stored-up wealth of another. Men who have money may not have enterprise and brains. Men who have brains and enterprise do not always have money. Borrowing and lending marries money and brains, to the great advancement of the world.

In order to constitute the transaction of borrowing and lending, the first thing is the lender. Until he is willing to lend, the transaction cannot by any possibility take place. The first thing to do is to coax the lender to lend. After that, borrowing is possible, and not until then is it possible.

Hence, laws must be made so as to enable the lender to be satisfied of the certainty of return. Consequently, if you make your laws in such fashion that the borrower has an advantage in payment, the lender will be sure to demand an advantage in lending, and, generally, such an advantage as will cover all the chances.

Therefore, any law which is made to reach the case of the lender and the borrower must be made in the spirit of fairness and of justice; and any proposition to a man to lend you money upon one standard to be paid upon another will necessarily be accompanied with such a rate of interest as will make up for the possibility of the lowering of that standard.

The proposition to lower the ratio I hail as the one good sign of this discussion. To drop from the bigoted determination that 16 to 1 is a heaven-appointed ratio raised up by the Almighty, and proceed even to discuss market values, seems to give some slight hope that when we really undertake anew to reform our financial system we may approach it with some reference to existing conditions and to the facts of the universe. As for the propositions now before us, we can all see that they are untenable. No one believes that we could maintain 20 to 1 any easier than 16 to 1 without the aid of the rest of the world.

What, then, is the pathway of duty? The unconditional repeal. That will either give relief or not. If not, then we must try something else, and the sooner the better. It is a matter of deep regret to all sensible men that we have delayed so long. Men are to-day struggling almost against fate and praying for relief. The banks are strained almost to the point of breaking. It is such a pity that we had to waste so much time in this weary welter of talk.

We stand in a very peculiar position, we Republicans to-day.

[Laughter.] The representative of the Democratic party just chosen President of the United States finds himself powerless in his first great recommendation to his own party. Were he left to their tender mercies [laughter] the country would witness the spectacle of the President of its choice overthrown by the party charged with this country's government. What wonder then that he appeals to the patriotism of another party, whose patriotism has never been appealed to in vain? [Applause on the Republican side.]

Never, I say, in vain! The proudest part of the proud record of the Republican party has been its steadfast devotion to the cause of sound finance. When this country was tempted to pay its bonds in depreciated money the Republican party responded with loud acclaim to that noble sentiment of General Hawley, that every bond was as sacred as a soldier's grave. It cost us hard fighting and sore struggle, but the credit of this country has no superior in the world. [Applause on the Republican side.] When the same arguments heard to-day were heard fifteen years ago, sounding the praises of a depreciated currency and proclaiming the glories of fiat money, the party of Abraham Lincoln marched steadily toward specie payments and prosperity. [Applause.]

What we were in our days of victory the same are we in our days of defeat—champions of true and solid finance. [Applause.] And when the time comes, as it surely will come, for us to lead this land back to those paths of prosperity and fame which were trodden under Republican rule for so many years, we shall take back with us our ancient glory undimmed by adversity; our ancient honor, unsullied by defeat. [Prolonged applause on the floor and in the galleries.]

John M. Allen [Miss.] made a characteristic speech against repeal.

Mr. Speaker, most of the gentlemen who have addressed the House in this debate have disclaimed being financiers or political economists. Sir, I am both. [Laughter.] But I insist that I am in no way responsible for the present panic and financial trouble. I have kept my money in circulation [laughter], and any person who doubts this has leave to search my stockings for "hoarded" currency. [Laughter.]

Mr. Speaker, I have been studying the money problem for the last forty years. [Laughter.] When, as a child, I first began to observe, one of the problems that claimed my attention and

aroused my budding curiosity was, why people would exchange their good candy and cakes, for these were the commodities of commerce I most desired then [laughter], for little pieces of silver that were neither beautiful to look on nor good to eat or wear.

I soon discovered that the money for which everybody seemed to be struggling and contending was not desired for the intrinsic qualities in the metal of which it was made, but for the function it performed in the affairs of the human race.

It is the important function in the affairs of men performed by money that puts every man in competition with every other man to obtain it, and not the material of which it is made.

I never favored the Sherman law. I voted and spoke against it. But, sir, it is the only law on our statute books providing for any increase in the volume of our currency, and to remove that without substituting anything in its place would, in my opinion, put us very much in the condition of the negro's cow. I saw a letter here some time ago, written to some friends of mine by the negro man who was left in charge of the home in Mississippi, and among other things he said.

The cow have been very sick; I give her some medicine, and she are now well of the disease, but I think she will die of the remedy.

[Laughter.]

Mr. Speaker, I am no defender of nor apologist for the Sherman law. The Republicans who passed it over our protest have abandoned it, and I am not going to the rescue of their bastard offspring. I never favored the purchase and storage of silver bullion and I do not favor it now. I favor silver money, but, sir, I do not believe for a moment that the Sherman law or our silver money is responsible for the distressing financial condition with which we are confronted.

Our whole financial machinery is overloaded with credit. It is top-heavy, and, whenever there comes the least distrust, panic and financial disaster are the logical consequences of our present system.

I have tried this scheme of doing 95 per cent. of my business on a credit basis [laughter and applause]; but, Mr. Speaker, it does not work well, for now my creditors are clamorous for me to do something to restore confidence. [Great laughter.]

I have heard gentlemen in this debate talk much of the evils of an inflated currency, but I believe that more of wrong and misery and ruin and cruel oppression has resulted from the contraction of the supply of money than from any other cause.

I have heard a great deal said here about an "honest dollar." It is a great "fad" here for gentlemen to proclaim their devotion to an honest dollar. I do not know when I have ever witnessed such an exhibition of verbal honesty. [Laughter.] They are very solicitous about an honest dollar for the creditor, but I do not hear much about it for the debtor.

Mr. Speaker, I have made many speeches against the financial policy of the Republican party. I have made a great impression on my audience when I have denounced their policies and practices. [Laughter.] I know of many of my Democratic friends over here who have achieved some of their greatest victories in denouncing in thunder tones the "deep damnation" of the "taking off" of silver by the Republican party. I did the same thing, but I meant and believed in what I said. Now, I find some of the loudest-mouthed Democratic orators—some who always supposed they were real and devoted friends of silver—making speeches here, the only logic of which is that the best the Republicans could have done and the only wise thing they could do was to demonetize silver; and, if I occupied the position of a good many of my friends over here on this side of the House, I should get up now and make an apology to the Republican party for having denounced it. [Laughter.]

Two of my constituents were candidates for the office of county treasurer of Alcorn County. One of them had held the office for two terms. The man who was running for the office the first time followed his competitor all over that county denouncing the proposition to elect a man to office for a third term.

The people indorsed him and he was elected. He held the office himself for two terms and the election was approaching. The time was coming when he must get out of office himself or go back on the platform upon which he had been elected. The situation was serious. [Laughter.] He came to town one morning and said, "Boys, have any of you seen anything of Beech Mitchell?" Beech Mitchell was the man whom he had beaten. They told him that Beech was in town. "Well," said he, "I want to see him; I feel that I owe him an apology. [Laughter.] Four years ago I ran against him for the office of treasurer in this county and I beat him on the third-term issue. I had heard this talk about Grant and the third term and I thought the third-term principle was all wrong. At that time I had never reflected very much about the question, but since that time I have thought about it a good deal, and when you come to apply that principle to the office of county treasurer there is not a

thing in the world in it, and I thank God I have the manhood when I see I am wrong to acknowledge it." [Great laughter.]

We are told, Mr. Speaker, that we are going very wrong about this matter because the President of the United States has marked out a different program for us, and the gentlemen who occupy a position antagonistic to the one I occupy to-day are set down now as the friends of the Administration. Why, Mr. Speaker, I would have to retract a great deal more than any of these gentlemen who have retracted their views on silver, if I were not a friend of the Administration. Why, I helped to make the Administration. [Laughter.] I have made more speeches and more good speeches [laughter] and bragged more on the Administration! [Laughter.] Why, in a private conversation between my friend Patterson and myself last winter, after the election, it was mutually conceded by both of us that we had done more to bring about his election than any other two men in the country. [Laughter.]

Why, we are getting into a pretty position here, if these gentlemen's ideas are correct—if the men who favor the repeal are the only friends of the Administration. Just think of it! The gentleman from Maine [Mr. Reed] and the gentleman from Iowa [Mr. Henderson] and the gentleman from Michigan [Mr. Burrows] the friends of the Administration, and all of us fellows kept out in the cold! [Laughter.] Why, gentlemen, do you know what it is that gave President Cleveland such a hold upon the affections of the American people? It was the fact that he had backbone and the courage of his convictions. [Applause.] I would like to know what sort of an estimate he puts upon gentlemen's ideas are correct—if the men who favor the repeal are change of front than that the Administration wants it. [Laughter and applause.]

Mr. Speaker, a conversation I had with the President one time, in one of our long, pleasant interviews [laughter], when he said to me that the Democrats were not like the Republicans; that they could not be controlled and hurled as a mass, but that the Democrats were men of independent thought, and that was what made a great party. [Loud applause.]

Why, gentlemen talk about breaking up, by reason of my exercising my convictions, the long-standing intimacy between the President and myself. You cannot do it. [Great laughter.]

My good friend from New York [Amos J. Cummings] got a little off the other day and gave some of the Southern Democrats a little lecture about having put Grover Cleveland on them, and now "we must take our medicine." We put him on

you as President, and then we elected ourselves here as members of Congress. [Applause and loud laughter.] I think, Mr. Speaker, that we had better have another bill or two introduced here—one to restore a parity between the executive and legislative branches of the Government [great laughter and applause], and then another to restore a parity of backbone to some great men. [Laughter and applause.]

W. Bourke Cockran [N. Y.] followed Mr. Allen. He opposed free silver.

Mr. Speaker: After the very interesting address which we have just heard nobody will deny that the argument for free silver coinage may be made picturesque, even if it fail to be convincing.

Mr. Speaker, I do not join in the tone of levity with which the platform of the Democratic party has been treated in some quarters. I believe that a declaration of political principles is binding upon a political party, and when I stand here to-day opposed to this measure of free coinage I stand on the Democratic platform with both feet, and he who seeks to pass such an act in the name of the Democratic party is trying to push me off the Democratic platform and to place me on the Populist platform. [Applause.] I assisted in the deliberations of the Democratic convention [laughter],[1] and, Mr. Speaker, the good humor which that remark provokes induces me to say that I had a good opportunity to discover with what vigor it set its foot upon opposition when any person undertook to interfere with its settled purpose. [Laughter.]

I remember, sir, that, when the financial plank of the platform was under consideration, a delegate from Colorado proposed as an amendment the insertion of the word "free" before the word "coinage" and supported it in a speech of about an hour's duration, and did not poll ten votes for it on the floor when the convention took final action upon the proposition. Talk to me about the Democratic party having declared for free coinage! I believe the claim comes from Colorado and from Nevada that those of us who favor the present bill are turning our backs on the platform of our party.

Why, sir, I believe it is owing to a great upheaval in Colorado and Nevada, caused by the union of Democrats and Republicans with the Populists, upon the ground that both the old

[1] Mr. Cockran had made a notable speech opposing the nomination of Grover Cleveland.

W. Bourke Cockran

parties had declared against the free coinage of silver, that we are honored with the presence of the eloquent gentleman from Colorado [Mr. Pence], who has delighted us so often. [Applause.]

The Democratic party did declare for the use of both metals as money; and, sir, while I am opposed to the free coinage of silver, I am equally opposed to the total demonetization of silver.

Silver is a part of the world's money, and it is and always will be a part of the money of every country, but there can never be a bimetallic standard of value in any one country. There never has been and there never will be.

In the nature of things one metal must always be the standard of value. This proposition was laid down by John Locke in 1695. He said:

> Two metals, as gold and silver, cannot be the measure of commerce both together in any country, because the measure of commerce must be perpetually the same, invariable, and keeping the same proportion of value in all its parts. But gold and silver change their value one to another. And one may as well make a measure, *e. g.*, a yard, whose parts lengthen and shrink, as a measure of trade of materials that have not always a settled, invariable value to one another.

And that doctrine was repeated by John Stuart Mill one hundred and fifty years afterward, when he said:

> The plan of a double standard is still occasionally brought forward by here and there a writer or orator as a great improvement in the currency. It is probable that, with most of its adherents, its chief merit is its tendency to a sort of depreciation, there being at all times abundance of supporters for any mode, either open or covert, of lowering the standard.

And again:

> The particular kind of variation to which the currency is rendered more liable by having two legal standards is a fall of value, or what is commonly called a depreciation, since, practically, that one of the two metals will always be the standard, of which the real has fallen below the rated value.

My friend from Nebraska [Mr. Bryan] says you cannot have an honest dollar, and that there is no such thing as a perfectly stable measure of value. He might as well tell you that there is nothing perfect on this earth and that human ingenuity is unable to make a government that cannot be improved. Gold fluctuates in value as all things must fluctuate; but the principle which makes bimetallism in one country impossible is this; that to the unavoidable fluctuations of one metal the bimetallist

wants to add the additional fluctuations of another. To the variations of the metal which fluctuates least he wants to add the variations of the metal which fluctuates most.

We on this side of this question want to have the minimum of fluctuation; we want to have the maximum of stability. In fixing our standard of value we want to take the experience of the world for our guide; we are unwilling to trust to the prophecies of the gentleman from Missouri [Mr. Bland]. [Applause.]

Even assuming that by any exercise of governmental power we could bring gold and silver to a parity, we would still be unable to retain a bimetallic currency; any attempt to establish it would inevitably reduce this country to a silver basis. If it were possible to bring these metals to a parity at a ratio of 16 to 1, that result could be achieved only by the use of an enormous mass of silver bullion at the mints.

But, if such immense quantities of silver bullion be deposited at the mints for the purpose of coinage, a redundant currency must be the result. According to economic law, a redundant currency in any country always causes an exportation of bullion. Now, as between gold and silver, gold will always be exported on account of its smaller bulk and the comparative cheapness in the cost of transportation. So that even if we follow our friends on the other side, fly in the teeth of all human experience, and accept their prophecies that the free coinage of silver at our mints will increase the value of the metal 45 per cent., after we have done violence to common sense and consented to base our laws upon prophecies rather than upon experience, we are confronted by another economic principle, which shows that, even if we succeed in bringing the two metals to an absolute parity, gold will still be driven from circulation, and we will be left upon a monometallic basis, with silver as the standard of value.

But my friend from Nebraska is not bound by the commonplace restraints of economic laws. He tells us with the solemnity of a seer warning us of unspeakable dangers that if we pass this act silver will be demonetized and gold will be brought to the auction block. I wonder where he would like to have it brought!

The purpose and business of money is to go to the auction block, there to be exchanged against commodities. If the purchasing power of gold be high when the farmer exchanges his commodities for it, will it not be equally high when he uses that identical gold for the purchase of the commodities which are necessary to his comfort?

My friend tells us, moreover, and here we approach the

ground occupied by all our adversaries that an ounce of silver still measures the value of corn and wheat and lard as well as it ever did. Well, if that be so, in the name of God and common sense, give the farmer a full ounce of silver when he is entitled to it, and do not deprive him of any part of the silver which is the fair equivalent of his produce. A dollar in gold is worth about 651¼ grains of pure silver, while the standard dollar contains but 371¼ grains. For every dollar's worth of produce which the farmer sells you want to give him 371¼ grains of pure silver [worth 54 cents in gold], while I want to give him 651¼ grains of silver. [Applause.]

Do you think silver operates on the farmer like alcohol on the human body—a little stimulates, an abundance stupefies and destroys? [Laughter.] Mr. Speaker, the stamp which these gentlemen would add to the 371¼ grains of silver may increase their value, it may make them worth a dollar and it may not; but I know that 651¼ grains will buy a dollar's worth anywhere in the world. [Applause.] You want to give the farmer for every dollar's worth of his produce 371¼ grains of silver, plus the prophecy of the gentleman from Missouri. I want to give him 651¼ grains without any prophetic adornment, and you may take my word for it that he would rather have the additional 280 grains than the words of any seer, of any sage, or of any prophet. [Laughter and applause.]

Mr. Cockran then referred to the "Drapier Letters" of Jonathan Swift, written against the debasement of the coin of the British realm.

Sir, I refer to the popularity which Swift achieved through a defence of honest money, because the most extraordinary feature of this free-silver movement is that it appears to be an attempt to win popularity by the debasement of the coin of this country. Never before in the history of the human race has such an attempt been made in the name of popular rights.

The adoption of the amendment of the gentleman from Missouri [Mr. Bland] would place us at once on a silver basis. The immediate effect of such legislation would be the robbery of every creditor throughout this Union of 45 per cent. of the sum due him.

I know that my friend from Missouri, my friend from Nebraska, and all those who think with them are rather proud of the fact that the enactment of their proposals into law would be likely to interfere with the collection of debts throughout the

country. They tell us that they are not anxious arbitrarily to scale down debts; but, in the language of my friend from Nebraska, "if we are to have a doubt, let us give the benefit of it to the debtor." Mr. Speaker, that brings up the question, Who are the debtors of this country and who are the creditors? As we recall the rhetorical vehemence with which these gentlemen assailed the national banks, we must conclude that they believe all the banks are creditors and all the laborers and producers are debtors.

Here, sir, we see a striking instance of that strange disposition of gentlemen on the other side to stand upon their heads whenever they examine economic questions, to turn all economic law topsy-turvy, as my friend from Nebraska turned the facts of history when he undertook to explain the victory of an army by attributing the supreme command to a drummer boy. The debtors of the United States are not the laborers; but the debtors of the United States are not the farmers; the principal debtors of the United States are the bankers, the railroad companies, the great corporations whom my friend from Missouri loves to denominate as Shylocks, gold bugs, and Wall street sharks.

My friend from Nebraska [Mr. Bryan] smiles, and I will take advantage of his complacent mood to instruct him on this subject. [Laughter.] I hold in my hand the report of the Comptroller of the Currency, containing a full statement of the business of the national banks of the United States for a single year. Opening it at random, I find the report of the largest bank of the country, the National Park Bank of the city of New York. It appears that the deposits of all kinds in this bank amounted during that year to about $34,000,000, while its loans were $25,000,000; that is to say, its debts to its depositors were nine millions in excess of the loans which it had made.

If my friend from Nebraska will consider the principles of banking for a moment and will examine this matter in his own mind, he will see that the very business of banking is the business of dealing with other people's money. The money which the banker deals with is not his own; it is the money which he owes to his depositors. Here we find in the case of this one bank that its debts are about $9,000,000 more than its credits; and if you pass a free-coinage law you simply reduce that $9,000,000 45 per cent.; you enable that bank to settle the balance between its debts and its credits for about $5,000,000. Instead of suffering a loss it would actually gain four millions by the adoption of the amendments proposed by the gentleman from Missouri.

MR. BRYAN.—I would like to ask the gentleman whether it is not true that every solvent bank has for every dollar that it owes either somebody's note or the money in the vault and its own capital besides?

MR. COCKRAN.—The gentleman undoubtedly presents a truism in his question. It is upon precisely that statement of facts that I have been endeavoring to penetrate his intellect. [Laughter.] It is because the reserves of a bank which constitute the difference between its credits and its debts are held in cash—in coin, in specie, that you cannot injure it by legislation such as you propose.

The loans and reserves of a solvent bank, taken together, must exceed its liabilities—the excess represents the capital and profits. But as between their debts and their credits all banks are debtors. If you debase the value of the circulating medium so that the debts due them will be reduced, the debts which they owe will be reduced to a corresponding extent, and, since their indebtedness exceeds their credits, they will be gainers by any legislation which degrades the standard of value.

We all know the method by which railroad companies are capitalized. They issue stocks and bonds not alone on the property they have—they issue them on their franchises, on their earning capacity, on the money which they make and which they hope to make. That is to say, they are capitalized for an amount far exceeding the value of any property which they possess. The debts which they owe must, therefore, exceed any sums which are due to them. Cut down those debts 45 per cent., and who will be the beneficiaries of your legislation?

But my friend from Nebraska [Mr. Bryan] has spoken in behalf of the workingman. He tells the legislation he favors is in the interest of the laborer, because it is avowedly hostile to the creditor.

I say now that the banker, the railroad company, the insurance company, the great corporation, is not a creditor, but a debtor. The man who is and must be always a creditor while the world lasts and while economic conditions remain the same—the man who, by the nature of his situation and the character of our social organization, is and always must be a creditor, is the laborer.

MR. SNODGRASS.—Because he has got everything everybody else has in his hands.

MR. COCKRAN.—I do not know exactly the meaning of my friend's language, but that is my usual condition after one of his orations. [Laughter.]

I say that the laborer is not paid in advance for his day's labor. His capital is his labor—that which he can expend in production. When you show me a mechanic whose week's wages have been paid in advance, or a day laborer whose day's wages have been paid in advance, then I will show you a laborer who is a debtor; but, while work must be done before wages are paid, the laborer is necessarily a creditor. [Applause.]

And he is different from all other creditors in that he cannot choose his debtor. He must accept employment whenever and wherever he can get it. He cannot hoard his capital for a day without injuring his family, without endangering the roof that shelters their heads and the clothes that protect them from the winter's blast. On behalf of those men, the real creditors, in the name of the laborers of this country, I protest against the degradation of the dollar, because it means a reduction in the value of the wages paid to toilers. I protest against the adoption of a variable and fluctuating standard of value, because it means that the wages of the laborer will be paid in a dollar of uncertain value, which will be rated at its highest when paid to him by his employer, and rated at its lowest when he seeks to use it in the purchase of the necessaries of life.

My friends insist that gold has appreciated in value. I deny it. If it has appreciated in value as measured by corn, by wheat, by pork, it has not appreciated in value as measured by wages. I hold here in my hand the Aldrich report, which comes to me with the approval of the distinguished Secretary of the Treasury, and which emanates from a Democratic Bureau of Statistics. The accuracy of its figures has never been impugned; and it shows that never in the history of human civilization have wages been so high, measured by gold. [Applause.]

Now, if, in its relations to commodities, gold appreciates, while in relation to the wages of labor it remains stationary, we are impelled to the conclusion that there has been a rise in the laborer's wages. It means that the purchasing power of his money has increased. It means, in short, that he obtains a larger measure of the product which his toil creates. That is the true meaning of this apparent appreciation in the value of gold. It is the healthiest sign in the entire body politic. If you pass a law to-day for the free coinage of silver, you reduce these wages 45 per cent. by reducing the value of the dollar in which his wages are paid, and you accomplish that which the employers of this country to-day are anxious to see accomplished but which they hesitate to undertake.

Oh, sir, remember the long tedious route, a veritable Cal-

vary, which labor has ascended in the long struggle to benefit its condition. Remember that every stone along that dreary way is stained by bleeding feet, by the tears of hungry women, weeping over children who moaned as they vainly sought sustenance at their mothers' breasts. Through long strikes and suffering and woe labor has improved its condition in this country until we find that it enjoys to-day the largest proportion of that which it produces that it has ever enjoyed in the history of the world. [Applause.] And you, my friend from Nebraska, you, my friend from Missouri, in the name of labor, in the name of the producers, in the name of the common people, would make the banks of New York a present of $21,000,000 and cut down the wages of toil 45 per cent. in every State and Territory of this broad land. [Applause on the Republican side.]

MR. BRYAN.—If it be true that the gentleman from Missouri [Mr. Bland] and the gentleman from Nebraska [Mr. Bryan] are desiring to make a present to the banks of New York and are trying to oppress the toilers of this country, will the gentleman from New York [Mr. Cockran] state why it is that the banks of New York denounce us, and why it is that Terence V. Powderly stands with us? [Applause.]

MR. COCKRAN.—Mr. Speaker, I will answer the gentleman's question. It is because the banks of New York have discovered that in all the dealings of life honesty is the best policy. [Applause.] And the attitude of Mr. Powderly can only be attributed to the same mental operation that has caused the gentleman from Nebraska [Mr. Bryan] to urge the debasement of the dollar in the interest of labor. [Applause.]

Now, Mr. Speaker, while I believe national bimetallism to be impossible, I believe that international bimetallism is entirely feasible.

Gentlemen claim that an increase in the circulating medium is absolutely essential to national prosperity. The advisability of increasing the circulation has been used as an argument alike for the free coinage of silver and for opposition to the repeal of the Sherman act, and it may therefore be advisable to examine the character of this argument and the grounds upon which it is based.

No man can tell the amount of money which is necessary to the trade of any country at any given time because the prosperity of trade depends not alone on the amount of the circulation, but largely on the activity of the circulation.

Let me illustrate. Assume this coin which I hold in my hand to be a dollar. It is not a dollar, I am sorry to say, but

following the example of my friend from Missouri [Mr. Bland] I will invoke an exercise of faith on the part of the House and ask gentlemen to believe that this is a dollar. Assume that with this dollar a man purchases at a fruit stand a dollar's worth of fruit. The dealer goes to the market and purchases a dollar's worth of fruit to replenish his stock, the wholesale fruit dealer goes to the meat stall and purchases a dollar's worth of meat, and, in short, the coin circulated among, say, ten trades.

It is plain that in this case $1 has been sufficient to circulate an amount of commodities equal to the value of $10. It has been just as effective for that purpose as if $10 had been used in these ten transactions. If the coin had been twice as active it would have circulated $20 worth of goods; if only half as active it would have circulated goods to the value of $5. The value of money, then, so far as trade is concerned, is not necessarily in its quantity, but its activity, or, as John Stuart Mill says, "its efficiency."

Mr. Speaker, I venture the assertion that we are not suffering to-day from a lack of money, but from a redundancy of money; and I think that proposition can be demonstrated to the satisfaction of any man who sits in this hall. According to the statement of the Secretary of the Treasury the circulation to-day exceeds by some seventy millions the amount in circulation last year, but last year the volume of business was vastly greater than it is to-day. If a smaller amount of money be able to circulate a greater quantity of commodities, will anybody pretend that the quantity of money we have now is not sufficient for all the purposes of commerce?

The fundamental mistake which gentlemen make in discussing this question springs from the assumption that money is wealth. It is not wealth. You can purchase wealth with money, but to obtain the wealth you must part with the money. The pretence that there is not sufficient money in the country is a pretence which has been refuted by the experience of the human race. It is the favorite cry of amateur statesmen; it has been the butt of every man who is familiar with the elementary principles of political economy.

Scarcity of money really means scarcity of credit, and scarcity of credit is the consequence of imprudence in trade. Every writer on political economy lays down the rule that money is merely the machinery by which trade is kept in operation. It is not property; it is not wealth; it is the great wheel that keeps commodities in circulation.

Sir, the machinery of our trade is disordered because the

Government is every day forcing a large quantity of paper into the channels of circulation. Our currency has been swelled far beyond the requirements of trade, and as a necessary consequence the good money, the buoyant circulating medium of international value, has left our shores, and we have been compelled to maintain our commerce with a paper money over which there hangs a cloud of suspicion, forcing us to do business in an atmosphere of doubt and distrust.

An excessive circulation always shows itself by the departure of good money. Money abhors idleness. When there is more money in a country than the business of that country needs the surplus is exported, and, as the best money is always the money of export, you find every panic preceded by a redundancy of money and an export of bullion. The panic from which we now suffer is a striking illustration of this rule. Now, it is perfectly true, as my friend from Maine [Mr. Reed] says, that these panics do not always come from vicious legislation, they often result from overtrading, from an undue expansion of credit. When a man gets credit in one place and uses it to make a purchase of goods, that very fact operates to give him credit in another place, which he often uses to make an additional purchase. Of course, these purchases operate to cause a rise in prices. Other traders, seeing an advance in prices, and not realizing that it has been caused by this exercise of the first purchaser's credit, begin buying on what they conceive to be a rise in market, and thus help swell the upward movement, which goes on increasing with each addition to the number of purchasers till some of the traders try to realize their profits. Then the upward movement hesitates and stops. Those who hold goods become alarmed. They hasten to offer their commodities for sale. The market becomes crowded with sellers, while few purchasers are to be found. Prices decline, the anxiety to sell becomes aggravated and produces a further decline, till the downward movement becomes a veritable panic, a total collapse.

My friend from Maine seems to treat these recurring crises as something necessarily produced by the action of the human race in its march of progress. I do not believe it. I think the history of the world disproves it. I think these commercial crises are like the great pestilences that sweep over the world. Ignorance attributes them to God; science knows they are the consequences of human folly. The black death that swept over Europe in the Middle Ages was called a scourge of God; but to-day we battle with cholera and all other epidemics ac-

cording to scientific methods. We trace them to their sources, discover their causes, and arrest the march of contagion. So these commercial crises can be investigated, their sources discovered, and their causes removed.

Here Mr. Cockran gave a history of British and American panics, and traced each either to an unnecessary inflation of the currency or to an improvident expansion of credit.

Now, sir, the operation of the Sherman law has been to flood this country with paper money without providing any method whatever for its redemption. The circulating medium has become so redundant that the channels of commerce have overflown and gold has been expelled. No power is conferred on any officer to secure sufficient gold to redeem the notes which the treasury is compelled to issue.

My friend from Missouri [Mr. Bland] finds fault with the operation of the act, as does my friend from Mississippi [Mr. Allen]. These gentlemen think that the Government should redeem the notes in standard silver dollars. And here, sir, we are confronted with one of the most extraordinary ethical exhibitions that I have ever known in public life. Here are men honest as the sun. The great apostle of free coinage of silver is a man whose rugged independence and integrity are an ornament to the membership of this House. Yet, under the extraordinary mental operation that is involved in the support of his monetary doctrine, he coolly proposes that while the Government purchases 651¼ grains of silver for a paper promise to pay, yet, if, in the course of trade, I find that same piece of paper in my hands, I be allowed to collect but 371¼ grains for it, the Government confiscating the balance in spite of my protest.

If the case involved the issue by the Government of promissory notes against purchases of oats or barley or wheat, and the redemption of them on any such plan of confiscation, my friend would condemn the proposition as absolutely dishonest; he would say that what the citizen can not honestly do the Government can not do and respect its moral obligations; that robbery is none the less an outrage when it is perpetrated openly by force of law than when it is perpetrated stealthily by fraud or violence. Yet we find gentlemen here insisting that the Government shall plunder its own citizens by forcing them to accept little more than one-half the commodity which had

been purchased by its notes, when these notes are presented for redemption.

Money, said Mr. Cockran, giving Adam Smith as the authority for his statement, can never become permanently scarce while we have commodities to give for it.

We produce the commodities which will always purchase money; but when my friend from Missouri [Mr. Bland] tells us exultingly that gold is now returning to this country, although the Sherman law is still in operation, I want to remind him of the method by which it has been forced to return, the sacrifice that has been made to secure it, and to tell him who it is that pays for it.

The currency famine from which we have suffered was the result of distrust in our monetary system, caused by the increase of paper money and the export of gold. We do not need more money, but we need better money. The inexorable laws of commerce are even now bringing back to this country the good money which is essential to its prosperity; but how? I ask the friend of the farmer who speaks on this floor as his special champion and who declares that the Sherman act operates to maintain the price of agricultural products—I ask him how is the quality of our currency to be restored, and who must pay the penalty which every violation of economic law entails upon the country?

I hold in my hands a report from the Treasury Department of the exports of wheat for the last three months and for the corresponding three months of 1892. It tells the whole sad story. I find that in 1893 we exported 4,400,000 more bushels of wheat than in 1892 and received 1,200,000 less dollars for them.

Where is the friend of the farmer who looks upon that result and wants to perpetrate the financial system which has produced it? Yes, gold will return to this country. Our currency will not remain permanently debauched. The commodities which we produce will always command a generous supply of the best money in the world. But when vicious laws force us to part with these commodities in order to replenish a circulating medium exhausted of its gold, the burden of the sacrifice falls on the shoulders of the producer.

Bread must always be consumed. While men live they must eat bread, and whoever can sell the material from which bread is made can force the stream of gold to flow in his direction.

My friend from Nebraska [Mr. Bryan] alluded in his speech to the recent purchase of gold by the sacrifice of agricultural products as though the farmer had submitted voluntarily to the loss. He was not a voluntary sufferer. He was the victim that was compelled to suffer under the imperious laws of trade which imposed this loss upon the primary source of national wealth. How can we bring gold back to this country except by offering for sale the products of the soil? We have no luxuries to sell, and there is no market for luxuries even if we were able to offer them. Our securities have been sent back by the cord, until they have depreciated in price so that we see a market full of sellers and void of buyers.

But bread must always be eaten and breadstuffs will always be purchased, and while we have the great staple products of the field we can always get our share of the circulating medium of the world. But when we are forced to extraordinary exertion in order to get the supply necessary to meet an extraordinary condition, we are forced to obtain a market for our agricultural products by a sacrifice in price such as we have made during the last few months. And the same laws that forced us to sacrifice our wheat will force us to sacrifice all other products unless we remove the causes which rendered the sacrifices necessary.

Sir, the friends of the farmer and the friends of labor, the enemies of the creditor and the friends of the debtor, are moving in a strange way to improve the condition of the producer. They oppose the repeal of a law which, by expelling gold from the country, has forced us to sell at a grievous sacrifice the product of the farms. They advocate a system of coinage which would reduce the debts due by the capitalist, and would enable the banker to escape paying 45 per cent. of the balance which he owes to his depositors over and above the debts which are due to him. The laws which they propose can not affect the reserve—the accumulated specie which represents the banker's capital and his dividends. But the great army of creditors, which comprises all the laborers and producers of this country, these men they will strip of 45 per cent. of the progress which they have achieved, and all this they would do in the name of the masses of the people, claiming to be the champions of the oppressed against the oppressor.

Gentlemen have appealed here to the country and to the sentiment of the country members as though the interests which they represent were hostile to the interests of the cities. Sir, I stand upon this floor, a Representative from a district in the

greatest city on this continent, and I say now to this House that the interests of the city can never be hostile to the interests of the country; that municipal wealth and prosperity depend upon the productive energies of the laborers who toil in the fields and who dig in the mines. Show me legislation which will benefit the farmer, the laborer, the producer, and even if it cut down the profits of the banker or the capitalist 50 per cent., I would gladly vote for it. I believe in the lesson which Mentor impressed on Telemachus, that it is not the splendor of the cities, but the prosperity of the fields that constitute the greatness of a nation; not the opulence of its palaces, but the comforts of its homes.

But the interests of the city and of the country are identical. What benefits the one must benefit the other; what retards the growth of the one will reduce the prosperity of the other. In city and in country alike labor is the sole source of wealth. In both man must eat his bread in the sweat of his brow. We have heard a great deal here of the conflicting interests of the various sections, and an attempt has been made to array the North and East against the South and West. As we heard the vehemence with which appeals were made to sectional prejudice a doubt must have arisen in the minds of the listeners as to whether after all the heroic struggle to preserve the Union was not a mistake.

Must we be forced to the conclusion that this country is so vast, its interests so diversified and irreconcilable, that any policy which the Government may adopt must necessarily be injurious to some part of the population; that legislation which is essential to the safety of urban interests must necessarily be hostile to rural interests; that laws which operate for the protection of New York must necessarily result in the oppression of Missouri and Nebraska? I do not believe that a law which benefits any part of this country can injure any other part. I do not believe that there ever has been a time in this country's history when an attempt to arouse sectional prejudice has resulted to the profit of anybody.

I believe this attempt to create prejudices based upon the occupations and interests of the various sections will be regretted by gentlemen when they come to realize the meaning of what they say; when they remember that the fires of disunion were stamped out by marching armies in this country; that the embers were quenched by the blood of martyrs and the tears of widows. [Loud applause.]

I prize my citizenship in this country, not simply because

it embraces New York, but because it embraces Nebraska and Missouri and every square inch of the territory which is comprised within the Union. New York has no function except as she administers to your welfare. No grass grows between the stones of her pavements; she produces none of the things which she consumes or which furnish employment to her workshops. Her mechanics, working at their benches, transform the rude products of the soil and of the mine into the finished articles essential to the luxury or the comfort of the human race. Her laborers transship the fruits of your toil from the cars in which they reach her borders to the great argosies of commerce that bear them across the sea for distribution throughout the globe; and so she stands upon the verge of this western continent, with one arm gathering the fruits of your industry to distribute them throughout the universe, and with the other gathering for your benefit the golden tribute which the world pays to the producers of this country. As you prosper, she prospers. As this nation grows, she grows. As this country becomes great, she becomes great; but material greatness will not satisfy our national aspirations unless it be accompanied by moral progress; and we who ask you now to make honesty, equity, justice, the distinguishing features of your legislation, ask you to do that which will conserve the greatness we have achieved, which will broaden before labor and industry the broad horizon that even now is theirs, which will make the march of this country along the pathway of material development a decisive step in the progress of the human race toward the cultivation of the virtues that dignify humanity, justify republics, make the flag of liberty glorious, and democratic institutions perpetual. [Prolonged applause and cries of "Vote!"]

William L. Wilson [W. Va.] defended the measure which was in his charge.

Let me consider briefly the objections that have been urged in this debate to the repeal of the purchasing clause of the Sherman bill. I can do no more than summarize them.

First, it has been said, from the very first speech to the last, that by stopping the purchase of silver bullion we shall throw the country to the gold standard for the settlement of all balances, the effecting of exchanges, and the payment of debts. Mr. Speaker, the countryman in the play, who was so astonished to learn that he had been speaking prose all his life, had no less reason for his astonishment than gentlemen

who have learned in this debate that we are already on the gold standard and that we have been on the gold standard throughout all the business life of every man who has taken part in the discussion. We have had the single gold standard since 1834, through the operation of those economic laws which no statutes of Congress can override or defy. We have had the single gold standard since 1873, by the express enactment of Congress which declared the gold dollar to be the unit of value in the currency of the United States. By this standard we buy and sell, borrow and loan, and make our contracts for the future payment of money. And so have we been doing for sixty years, except for that interval during and after the war when all specie payments were suspended in the country.

What then, Mr. Speaker, is our trouble to-day? Simply this. The Government is steadily increasing its issue of gold obligations and of depreciating dollars, and with the visible lessening of its stock of gold a fear and doubt—whether reasonable or unreasonable is entirely irrelevant—have arisen as to its ability and its purpose to meet those obligations and to keep those depreciating dollars up to the legal standard it has established for the money of account in our country. As the silver bullion in the treasury, or in the coined dollar, sinks in value as compared with this legal standard, a greater stress is laid upon the Government, a greater test is made of its ability and of its purpose to maintain these and all its other forms of credit currency at a parity with the gold standard.

Again, Mr. Speaker, it has been almost angrily contended from the beginning of this debate, that if we stop now the purchase of silver bullion, as required by the Sherman act, we shall demonetize our silver, or, as the gentleman from Missouri [Mr. Bland] has expressed it, destroy the silver currency of the country entirely.

Why, sir, the bill proposed does not demonetize a single silver dollar anywhere, circulating or stored away, in this country to-day. It has not come to destroy, but to save. It has not come to strike down or destroy any part of our silver currency, but to place it, once and forever, on an impregnable basis of parity with the gold currency of the country. [Applause.]

Augustus N. Martin [Ind.].—Will the repeal of the purchasing clause of the Sherman silver act necessitate the sale of United States bonds to secure gold for any purpose?

Mr. Wilson.—That is a question to be answered only in the light of experience. In the light of the experience of other

countries, especially of France and the Scandinavian nations, of Canada and of Holland, the mere passage of law limiting the purchase of bullion and the coinage and issue of silver dollars would, as I have already declared, at once and forever put and keep our silver currency on a parity with our gold, and there would be no necessity to issue a bond for that purpose. [Applause.] This repeal bill is not only the pledge and promise of such parity; it is in itself the performance of that pledge. [Renewed applause.]

Why, Mr. Speaker, when gentlemen declaim that the intention and effect of the bill are to strike down our silver currency and limit us not only to a gold standard, but to a gold currency, they not only ignore our own experience and our own laws, as I have already shown, but they shut their eyes to the experience and action of that people from whose dealing with silver we can just now learn most salutary lessons. I mean the people of India. The government of India has expressly declared that in shutting its mints to the free coinage of silver it has done so with a view to the introduction of the gold standard, but with no present intention of introducing a gold currency. Sir David Barbour, the financial minister, on whose advice the Herschel committee acted, and the final legislative decree of the Indian Government was made, directed especial attention to the fact that France and other nations have found it perfectly safe and feasible to maintain a large circulation of full, legal-tender silver, with a gold standard; some of these nations indeed with a comparatively small supply of gold.

Benton McMillin [Tenn.].—Do you propose, then, to follow up this bill with any measure looking to the extension of silver coinage, and, if so, when?

Mr. Wilson.—While I have no authority to speak for anyone except myself, I am satisfied that it is the earnest desire of this Democratic Administration not only to support the existing issue of silver in this country, but to increase the volume of silver currency to the utmost extent that it is safe to do so, and still preserve its parity with gold, without taxing the people, through bonds, to accomplish that result. [Applause.]

It has been generally argued by those who oppose this repeal bill that to preserve the gold standard as we have had it for sixty years, or, as they mistakenly contend, to adopt that standard, is to work injustice to the debtor class, because gold, they assert, is appreciating in value and the burden of debts is steadily increasing in consequence. The decline in the market prices of many products, and especially of most of our staple

farm products, seems to give color to this argument, and the facts that seem to sustain it have been put forward with great plausibility by several gentlemen in this debate.

But, Mr. Speaker, a very slight examination of those facts will show that they can not be made to prove any such argument. The true test, already stated by the gentleman from New York [Mr. Cockran], is the wages of labor. If gold has appreciated in value in recent years that appreciation ought to show itself in a decline in the wages of labor and in the price of articles still made by hand labor.

But there has been no such decline; on the contrary a visible and progressive rise. Wages are twice as high in the United States as they were fifty years ago; twice as high in England as they were fifty years ago; much higher than they were in the past in every one of the enlightened countries of the world. I venture to affirm, sir, that it will be very hard to find any great article that has fallen in price where the decline may not easily and unmistakably be traced to one of two great causes, and often to the joint operation of both of these causes; either an immense increase in the source of supply or immensely cheapened production through those great inventions and discoveries of our day that have so mightily economized and multiplied labor in the production and transportation of manufactured articles and even of agricultural products.

Mr. Speaker, will gentlemen complain of cheapened production and lessening cost of the necessaries of life if the wages of those who toil to produce them have meanwhile and everywhere gone up? Will they oppose the opening and development of new regions of our land because thereby cheaper food and cheaper clothing may come to all the people? Must we bemoan the triumphal march of invention and rail at the bounties of science because they open to the masses of mankind a way of escape from ignorance and poverty and beget the hope that all men may rise to a richer and nobler life?

What, sir, is all this but the emancipation of man from the servitude of constant drudgery? If by a less expenditure of labor he can free himself from incessant and grinding toil, enter upon a higher plane of life, and gather around him more of life's comforts, refinements, and luxuries, surely gentlemen ought not to declaim against this as a wrong to mankind and a hurt to those who labor.

And now, Mr. Speaker, I will consider, with equal brevity, the benefits that are expected to flow from the passage of this bill and from the immediate and unconditional repeal of the

purchasing clause of the Sherman law. The first benefit will be the restoration of confidence of the people of this country in their own money and in every dollar of it. If the experience of France and of the other nations I have mentioned is worth anything, it justifies us in the confident belief that as soon as we draw the line where it now is, and say that for the present at least we will purchase no more silver bullion and add no more depreciated dollars to the currency of the country, from that very day every dollar in existence will be recognized as the equal of every other dollar in purchasing and debt-paying power, and no man will be troubled as to whether his debts or his contracts are to be settled in paper, in gold or silver, or in representatives of gold or silver.

Again, Mr. Speaker, gentlemen demand an expansion of the currency as the vital need of the country, and inquire if this bill is to be followed immediately by some legislation to increase the volume of our circulating medium. Sir, there is no expansion of the currency within the compass of their imagination that would work as quickly, work as safely and as effectually to restore the country to commercial health as to let loose at once from its hiding places the $1,700,000,000 of money already in this country.

It has already been shown—and I am embarrassed in going over ground so much more fully and carefully gone over by others—that it is not so much the quantity of money as its unquestionable quality, that creates confidence and supports that wonderful superstructure of credit through which a large and increasing part of the business of every State in this Union is done to-day. In the growth of modern trade, in the natural development of our marvelous industrial system, economy in the use of actual money, increased efficiency of every dollar as a debt-paying instrument or measure of exchange, have kept pace with all the other improvements and progress of this age.

Money, to-day, speeds on the lightning express, flies on the wings of the telegraph, is transferred in the twinkling of an eye from one end of the country to another, from continent to continent, and it does this through the perfection and widening use of its convenient representatives which have become the tools of exchange of almost all our modern business.

To-day, sir, gold and silver, and United States paper money—in a word, what we generally understand by the term money, especially when we speak of currency expansion—perform but a small part of the actual transactions of the country. I have examined, in the past few days, the report of the transactions

of the New York clearing-house. For the year 1892 the average currency exchanges per day were nearly $120,000,000, while the average currency balances per day—the money actually required to settle those exchanges—were but little more than $6,000,000.

That which is done upon a large scale in New York is done upon a smaller scale in every other city, and even in the towns and villages of our country to-day. Not money itself, but representatives of money, pay debts, transact business, effect exchanges. Sir, this mighty fabric of $120,000,000 can rise and rest securely upon a basis of $6,000,000 of money upon one condition only. There must be no doubt of the permanence and stability of that basis. If doubt and distrust arise as to the safety of that foundation the fabric of credit shrinks, as we have seen it shrink recently from one hundred and twenty millions per day to sixty millions, a contraction of the currency in a single city of $60,000,000 in a single day.

Restore confidence in the actual money of the country, remove all ground for doubt that any dollar bearing the Government stamp is to be worth less than its face value, and you will bring forth, as if by magic, every hiding dollar in the land. You will renew and increase public confidence in the foundations of our great and expanding credit system. Vigor and enterprise will once again appear in our markets, and we shall have in a greater measure than we have had in recent years the blessings and encouragement that come from a stable currency in the development of the country, the increase of its production and commerce, and in the employment of its labor. [Loud applause.]

Charles A. Boutelle [Me.] ascribed the depressed condition of the country to the certain prospect of a radical revision of the tariff by Congress.

You can not raise the mailed hands of legislation in deadly threats against every productive industry of a great nation without inviting business calamity. The calamity has come. It is at our doors; and I tell you, my young friend from Nebraska [addressing Mr. Bryan], that if you go to your "Napoleon of politics" now, and, undertake to urge him, like your "drummer boy of Marengo," to let you beat just "one more charge"; when you remind him how you beat "*such* a charge" for free wool that sent all the American sheep scampering to the slaughter-houses and wool down to 10 cents a pound, and beseech him to "let me beat one more" [laughter]; when you remind him, "Sire, we did beat *such* a charge against the wool manu-

facturers, and see how their factories are toppling all over the land! Oh, sire, we did beat such a charge against the cotton manufacturers, and look how they are closing their doors and turning their army of unemployed workmen out into the streets! [Laughter.] Oh, sire, we did beat *such* a charge against the gold standard and monometallism, in favor of free and unlimited coinage of short-weight silver dollars, and look how our securities have come flocking home for redemption, how the banks of New York and all over the country have been brought to the verge of ruin, and idle workmen are being fed in the soup houses. Oh, sire, let us beat one more charge." [Applause and laughter on the Republican side.]

Mr. Speaker, he won't do it. I tell you, my young friend, that when your quondam chieftain comes back from Gray Gables, while he may applaud, as we all did, the beautiful imagery and fervid eloquence of your splendid speech, brilliant in all except the soundness of its premises and the logic of its conclusions [laughter], he will place his hand on your head and say, "My young friend, that was all very well before election, but we won't have any more charges beat just now." [Laughter and applause.] You just go to work and learn how to beat a first-class retreat. "That is what we shall most stand in need of." For I assure my friend from Nebraska that the "man of destiny" has already observed the omens of the times, and he will whisper in your ear that Marengo is a long way behind, that the victory of 1892 was nothing but a spasmodic return from Elba, that amid the uprising of the allied industries and interests of a deceived people he already hears the ground rumblings of the Waterloo of 1894 [applause on the Republican side], and against the bright sun-burst of Republican restoration in 1896 he sees, grimly looming, Democracy's St. Helena! [Loud and continued applause on the Republican side.]

The bill and its amendments came to a vote on August 28.

The amendment offered by Mr. Bland, providing for the free coinage of silver at the present ratio to gold of 16 to 1, was defeated by a vote of 125 yeas to 226 nays. The Bland amendments for free coinage at higher ratio were voted down by even greater majorities.

Then Mr. Bland offered the amendment providing for the restoration of the Bland-Allison silver purchase act of 1878. It was defeated by 136 yeas to 213 nays.

The bill was then passed, amid applause on the floor and in the galleries, by a vote of 239 to 108.

The Senate referred the bill to the Committee on Finance, the majority of which, through Daniel W. Voorhees (Ind.), the chairman, on August 29, reported an amendment to the bill which was of the nature of a substitute. It repealed the silver purchase clause of the Sherman Act of 1890, and added:

> And it is hereby declared to be the policy of the United States to continue the use of both gold and silver as standard money, and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement, or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals, and the equal power of every dollar at all times in the markets and in the payment of debts. And it is hereby further declared that the efforts of the Government should be steadily directed to the establishment of such a safe system of bimetallism as will maintain at all times the equal power of every dollar coined or issued by the United States, in the markets and in the payment of debts.

The debate on this bill exceeded in duration of time and in volume that in the House upon its bill. As the arguments were necessarily repeated, only the speech of John Sherman [O.] is presented because of his unique position in asking for the repeal of a measure which he had fathered.

Repeal of the Sherman Act

Senator Sherman

Mr. Sherman.—Mr. President, the immediate question before us is whether the United States shall suspend the purchase of silver bullion directed by the act of July 14, 1890. It is to decide this question the President has called Congress together in special session at this inconvenient season of the year. If this was the only reason for an extraordinary session, it would seem insufficient. The mere addition of 18,000,000 ounces of silver to the vast hoard in the treasury, and the addition of fourteen

millions of treasury notes to the one thousand millions of notes outstanding, would hardly justify this call, especially as Congress at the last session neglected or refused to suspend the purchase of silver. The call is justified by the existing financial stringency, growing out of the fear that the United States will open its mints to the free coinage of silver. This is the real issue. The purchase of silver is a mere incident. The gravity of this issue can not be measured by words. In every way in which we turn we encounter difficulties.

If we adopt the single standard of gold without aid from silver, we will greatly increase the burden of national and individual debts, disturb the relation between capital and labor, cripple the industries of the country, still further reduce the value of silver, of which we now have in the treasury and among our people over $593,000,000, and of which we are the chief producers, and invite a struggle with the great commercial nations for the possession of the gold of the world.

On the other hand, if we continue the purchase of 54,000,000 ounces of silver a year, we will eventually bring the United States to the single standard of silver—a constantly depreciating commodity, now rejected by the great commercial nations as a standard of value; a commodity confessedly inconvenient by its weight, bulk, and value for the large transactions of foreign and domestic commerce, and detach us from the money standard now adopted by all European nations, with which we now have our chief commercial and social relations. In dealing with such a question we surely ought to dismiss from our minds all party affinities or prejudices; all local and sectional interests, and all preconceived opinions not justified by existing facts and conditions.

Upon one thing I believe that Congress and our constituents agree: That both these extreme positions shall be rejected; that both silver and gold should be continued in use as money—a measure of value; that neither can be dispensed with. Monometallism, pure and simple, has never gained a foothold in the United States. We are all bimetallists. But there are many kinds of bimetallists. One kind favors the adoption of the cheaper metal for the time being as the standard of value. Silver being now the cheaper metal, they favor its free coinage at the present ratio, with the absolute certainty that silver alone will be coined at our mints as money; that gold will be demonetized, hoarded at a premium, or exported where it is maintained as standard money. The result would be monometallism of silver.

Another kind of bimetallist, recognizing that 16 ounces of silver are not worth in the market 1 ounce of gold, proposes the free coinage of 20 ounces of silver as the equivalent of 1 ounce of gold. But this is only a difference in degree, because 1 ounce of gold is worth from 27 to 29 ounces of silver. Gold being undervalued, the hoarding or exportation of gold will inevitably follow, and silver will be the only standard. Another kind of bimetallist is one who believes that the essential quality of bimetallism requires that the coins of the two metals shall be maintained of equal purchasing power. The only way in which this can be done, in case the two metals are not on a parity of value at the legal ratio, is by freely coining the more valuable metal and coining the cheaper metal at the legal ratio, and maintaining by the fiat of the Government coins of the two metals at parity with each other.

The two metals, as metals, never have been, are not now, and never can be kept at par with each other for any considerable time at any fixed ratio. This necessarily imposes upon the Government the duty of buying the cheaper metal and coining it into money. The Government should only pay for the bullion its market value, for it has the burden of maintaining it at par with the dearer metal. If the bullion falls in price the Government must make it good; if it rises in value the Government gains.

The Government is thus always interested in advancing the value of the cheaper metal. This is the kind of bimetallism I believe in. It is the only way in which two commodities of unequal value can be maintained at parity with each other. The free coinage of silver and gold at any ratio you may fix means the use of the cheaper metal only. This is founded on the universal law of humanity, the law of selfishness. No man will carry to the mint 1 ounce of gold to be coined into dollars when he can carry 16 ounces of silver, worth but little more in the market than half an ounce of gold, and get the same number of dollars.

The free coinage of silver means the single standard of silver. It means a cheaper dollar, with less purchasing power. It means a reduction in the wages of labor; not in the number of dollars, but in the quantity of bread, meat, clothes, comforts he can purchase with his daily wage. It means a repudiation of a portion of all debts, public and private. It means a bounty to all the banks, savings institutions, trust companies that are in debt more than their credits. It means a nominal advance in prices of the produce of the farmer, but a decrease in the pur-

chasing power of his money. Its chief attraction is that it enables a debtor to pay his debt contracted upon the existing standard with money of less value. If Senators want cheap money and to advance prices, free coinage is the way to do it; but do not call it bimetallism. The problem we have to solve is how to secure to our people the largest use of both gold and silver without demonetizing either.

Now, let us examine the situation in which we are placed. Our country is under the pressure of a currency famine. Industries, great and small, are suspended by the owners, not because they can not sell their products, but because they can not get the money to pay for raw material and the wages of their employees. Banks conducted fairly are drained of their deposits and are compelled not only to refuse all loans, but to collect their bills receivable. This stringency extends to all trades and businesses; it affects even your public revenues, all forms of public and private securities, and, more than all, it stops the pay of a vast army of laboring men, of skilled mechanics, and artisans, and affects the economy and comfort of almost every home in the land.

The strange feature of this stringency is unlike that of any of the numerous panics in our past history. These came from either an irredeemable currency, which became worthless in the hands of the holder, or from expanded credit, based upon reckless enterprises which, failing, destroyed confidence in all industries. Stringency followed failure and reckless speculation.

This panic occurs when money is more abundant than ever before. It is the movement of fear, the belief of the people that their money will be needed, and that they may not be able to get it when they want it. In former panics stringency followed failures. In this failures follow stringency.

Now, as representatives of the people, we are called here in Congress to furnish such measure of relief as the law can afford. In the discharge of this duty I will sweep away all party bias, all pride of opinion, all personal interest, and even the good will of my constituents, if it be necessary; but, fortunately, I believe their opinions concur with my own.

Senator Sherman then justified his course in regard to the silver purchase act of 1890, which bore his name and which it was now sought to repeal. The conference committee which reported the bill, and of which he was a member, he said, was limited by the previous actions

of the House and Senate to adjusting the difference between the two Chambers.

We were limited to either the free coinage of silver or the purchase of silver bullion. We chose the latter alternative. The only latitude which parliamentary law allowed us as conferees was to provide the conditions of free coinage in case the Senate bill was adopted, or to fix the amount, price, and manner of purchasing silver bullion in case the House bill was adopted. The House had taken a vote which, by a close majority, rejected free coinage, and, therefore, I correctly stated this fact to the Senate; but I was not blind to the danger that, if the conferees reported a disagreement, the narrow majority in the House against free coinage would melt away under the pressure for some affirmative action by Congress.

I was not in favor of either free coinage at the present ratio, or the purchase of silver bullion except as needed for coinage. I regarded free coinage as another name for monometallism of silver. The other two conferees of the Senate were in favor of free coinage, or, that failing, were in favor of the purchase of silver bullion provided for by the House bill. After many meetings and great delay, we agreed to report a compromise bill providing for the monthly purchase of 4,500,000 ounces of silver bullion at its market value, and the insertion of several provisions which I deemed of great importance. One was that, instead of appropriating $4,500,000 a month for the purchase of silver bullion, we should provide for the purchase of 4,500,000 ounces. I believed that this was a safer proposition, as, if silver fell below $1 an ounce, the cost of 4,500,000 ounces would be less than $4,500,000. If, however, it should advance, the cost would be greater. As the result proved, after a brief period, silver continued to decline, so that now, at the market value, the purchase of 4,500,000 ounces costs the Government about $3,300,000.

We also agreed upon a provision that the Secretary of the Treasury might redeem the treasury notes issued for the purchase of silver bullion in gold or silver coin at his discretion, thus enabling him to maintain the two coins at parity with each other. We also agreed to the declaration that it was the established public policy of the United States to maintain the two metals upon a parity with each other upon the present legal ratio, or such ratio as may be provided. This was a direction to that officer to so exercise his discretion as to maintain the parity of the two coins.

With these provisions the law is far better than the bill of the House or the bill of the Senate.

When any Senator hereafter undertakes to criticize the law, which has been misnamed after me, he should remember that it was a substitute for a bill of the House of Representatives and a bill of the Senate, both of which would have been far more dangerous in their results than even the law of which I am now speaking.

Sir, "give the devil his due." The law of 1890 may have many faults, but I stand by it yet, and I will defend it, not as a permanent public policy, not as a measure that I take any pride in, because I yielded to the necessity of granting relief, but I do say that the beneficial effects that flowed from the passage of that law were infinitely greater even in the percentage of money than the loss we have suffered in the fall in the price of silver. Without it, in 1891 and 1892 we would have met difficulties that would have staggered us much more than the passing breeze of the hour—a storm for a month, or even for a year. The immediate result of the measure was to increase our currency, and thus relieve our people from a panic then imminent, similar to that which we now suffer. The very men who now denounce from Wall street this compromise were shouting "Hallelujah!" for their escape by it from free coinage.

Now the condition is changed. One year ago we had the experience of the operation of the law for but two years. The price of silver steadily declined. Every purchase made was in a falling market. Our purchases were inducing the mining companies to increase their production of silver, while European countries stopped their purchase of silver, and, in some cases, sold their silver on hand in our market. Then was the time to suspend our purchases and await the course of events. It is manifest that, if our Democratic friends at the last session had been willing to vote for the repeal of this clause, the existing panic, so far as it is the result of the purchase of silver bullion, would not have occurred. Instead of this, they were denouncing the law of 1890 as a miserable makeshift; they were demanding and promising free coinage of silver, cheap money, and plenty of it.

In certain States this largely influenced the result of the election of the President of the United States. Now, that they are in power, we have a different call. The President asks us to suspend the purchase of silver because it "has led to renewed and persistent efforts in the direction of free coinage of silver."

I am glad to notice that many of the gentlemen who voted for the free coinage of silver are now in favor of the repeal of this act. My only surprise is that the great body of them who voted against this act, and denounced it as a makeshift, are now unwilling to vote for its repeal.

My reasons for its repeal are now stronger than ever before. The result of the act has by unforeseen events disappointed the hopes and expectations of its authors. It has, by its operation, tended to reduce rather than to increase the value of silver. The burden assumed by the United States led to the completion of gold monometallism in Europe by giving a market to silver that was demonetized. Its results encouraged and led to the Indian policy of the British Government. The act of 1890 may have contributed somewhat to the amount of gold sent to Europe, though I think that the cause of this movement is that the balance of trade has lately been against the United States, and therefore transferred to Europe the only money they will accept in payment of balances due them. One of these imports paid for in gold was silver sent us from Mexico and Europe.

The act of 1890 has demonstrated also the inevitable result of free coinage in our country. If the purchase of 54,000,000 ounces of silver a year did not prevent the further decline of that metal, what would have been the result if we received and coined all the silver that would be brought into the United States from any region of the world at the fixed price of $1.29 per ounce, worth in the market 73 cents an ounce? This is a proposition the logic of which it is impossible to avoid. It is a lesson necessarily to be taught. Without it many honest people could not be persuaded that the fiat of the Government was not sufficient to lift the price of silver or to prevent its fall.

There is no doubt that the act of 1890 is made the imaginary pretext for many evils it did not produce. It is made to bear the results of wild speculation, of fears well or ill founded as to future legislation, of failures and disturbances with which it has no connection. It is made the scapegoat for extravagance and folly. The fears of business men that the tariff policy of the Democratic party will disturb all domestic industries and open our markets at cheap rates to the productions of every country in the world, and the cautionary measures taken by them to guard against this competition are far more potent causes for distrust, stopping of factories and workshops, than the purchase of 4,500,000 ounces of silver a month.

Certain it is that the act of 1890 did not produce a scarcity of currency. The evil which our people are suffering now is

not the volume of money, but the hoarding of it. It is a currency famine caused by the hoarding of money taken from its ordinary channels and hidden away in secret places by reason of the fears of millions of people in all ranks and conditions of life. This act which we are called upon to repeal has furnished yearly from $34,000,000 to $50,000,000 of treasury notes issued for the purchase of silver bullion. If the issue of this great sum in monthly installments had any effect, it must have been to expand the currency. Its repeal leaves no law in force for any increase of a circulating medium at a time when above all others currency of every kind is in great demand and is bought at a premium.

Let us not deceive our people as to the reasons for this repeal, for when the purchasing clause is repealed you will still have to deal with the real causes of the prevailing stringency and distrust. I do not vote for this repeal with any expectation that it will in any considerable degree relieve us from the industrial stagnation that has fallen upon all kinds of business and production, and that has thrown out of employment hundreds of thousands of laboring men and women. They care little about the kind of money that is paid them, provided that it is equal in purchasing power to any other money, and is backed by the United States. They do not study the question of ratio, or the difference between silver and gold, and, if left to choice, prefer the notes of the United Sattes to either coin.

What they want is employment, fair wages for home industry, reasonable protection against undue competition with foreign laborers miserably paid, fed, lodged, and treated. Give them these, and you may make your standards of value as you choose. Mete out to them the same measure of value that you do to yourselves and they are content. The fear that industrial conditions will be so changed that the prosperity of the past will be followed by diminished production, lower prices, lower wages, diminished exports, and increased imports, resulting in a continued balance of trade against us—these are the chief factors of the present financial stringency. It is manifest that if this law is repealed it is not to relieve the people from a stringency of currency, but to relieve the money market from the dread of the effect of free coinage of silver.

The President, in the midst of a panic, appeals to us to repeal this law. He will not make this appeal in vain to me. I am under no obligations to him and have no sympathy with him in many of his ideas of public policy, but in this matter I believe he is right, and that, without respect to party divisions

or party affinities, it is my duty to respond to his call. We ought to suspend the purchase of silver bullion. The strange spectacle is presented that those of us who confess ourselves responsible for this law and voted for it are willing to repeal it, while the great body of his political friends who voted against it and declaimed against it refuse to repeal it and cling to it as their ark of safety. Our Democratic friends have denounced this purchasing clause as a miserable makeshift. It was a makeshift, but I think a good one to defeat the free coinage of silver on the ratio of 16 to 1. I believe in this respect it has rendered the country an enormous service.

I will vote for its repeal because I believe the purchase of silver is no longer necessary, that it is unprofitable and dangerous—not that I wish to depreciate silver, for if I had the power to regulate the market I would gladly advance it to par with gold at the legal ratio. As this is impossible, I am willing to vote for any measure that will tend to maintain the parity of the two metals at some fixed ratio approaching their commercial value. I will coöperate with any person or any party in any measure that will tend to maintain the harmonious use of silver and gold as standards of value for all human productions.

The bill was passed on October 29 by a vote of 43 to 32. The House concurred in the Senate amendment, and President Cleveland approved the bill on November 2, 1893.

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ABBREVIATIONS

Roman numerals indicate volume numbers, Arabic, page. *ss* = "and following pages."

Abbreviations of States appearing in parentheses and following names of persons indicate, in the case of Senators and Representatives, the States represented in Congress; in other cases, the States with which these persons were most actively connected.

b. = born; d. = died; adm. = admitted; com. = committee; mem. = member; min. = minister; nom. = nominated; pop. = popular, etc.

G. B. = Great Britain; Rus. = Russia, etc.

Other abbreviations will be understood by the context.

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[The biographical data in this index which are additional to the text references have been taken from the National Cyclopædia of American Biography, published by James T. White and Co., New York, to which work readers are referred for further information concerning the statesmen here listed. Full data concerning Senators and Representatives will be found in the Biographical Congressional Directory, 1913, published by the Government Printing Office, Washington, D. C.]

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ADAMS, CHARLES FRANCIS, 1st (Mass.): b. 1807, d. 1886; nom. Vice-Pres. by Free Soil party, IV. 159, 160; app. min. to G. B. May, 1861; on belligerent rights, II. 425, 426; retires from mission, II. 427; app. on Geneva Com., II. 444.

ADAMS, CHARLES FRANCIS, 2nd (Mass.): b. 1835, introd. by, IV. 1 *ss.*

ADAMS, CHARLES KENDALL: b. 1835, d. 1902; prof. Mich., Wis. and Cornell Univs.; ed. of "British Orations," I. xviii.

ADAMS, GEORGE E. (N. H.): b. 1840; M. C. 1883-91; mem. bk. and jud. comm.; on ship subsidies, XI. 170.

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ALLEN, JOHN (Ct.): b. 1763, d. 1812; M. C. 1797-99; on relations with France, II. 79, 80; on alien laws, VII. 21, 22; on sedition law, 56, 57.

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ALLISON, WM. B. (Ia.): b. 1829, d. 1908; adm. bar 1851; in Civil War; M. C. 1863-71; mem. Ways and Means; on military reconstruction, VIII. 52; Sen. 1873-1908; ref. to, XII. 130, 131, 133; in debate on Schenck tariff bill, 134; on legal tender of silver, XIV. 69; on internat. monetary conf., XIV. 79, 127 *ss.*, 132, 133, 135.

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ANDREW, JOHN A. (Mass.): b. 1818, d. 1867; adm. bar 1840; counsel in fug. slave cases of Burns and Sims; gov. Mass. 1861-66; speeches by, on John Brown affair, cited, V. 397, 398; Repr. Voorhees on, VI. 310, 311.

ANTHONY, HENRY B. (R. I.): b. 1815, d. 1884; ed. Providence *Journal*; gov. 1849-51; Sen. 1859-84; on equal suf., VIII. 26 *ss.*; Sen. Iverson on, V. 209.

ANTHONY, SUSAN B. (Mass.): b. 1820, d. 1906; editor woman suf. paper *The Revolution*; lecturer; arrested for voting in 1872; joint author "Hist. of Wom. Suf."; ref. to, VIII. 318.

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ARNOLD, BENEDICT (Ct.): b. 1741, d. 1801; Amer. gen. in Rev.; captures Ticonderoga, I. 171; in siege of Quebec, I. 171.

ARNOLD, ISAAC N. (Ill.): b. 1813, d. 1884; adm. bar 1835; founder Free Soil party 1848; M. C. 1861-65; bill by, for abol. of slavery in Territories, VI. 188, 189; author of biog. of Lincoln.

ARNOLD, WILLIAM C. (Pa.): b. 1851, d. 1906; M. C. 1895-99; supports R. R. refunding bill, X. 307, 308.

ARTHUR, CHESTER A. (N. Y.) : b. 1830, d. 1886 ; adm. bar 1854 ; counsel in "Lemmon" slave case, which settled in neg. the question of right of owner to take slave into N. Y. ; officer in Civil War ; made collector of N. Y. City port 1871 ; removed by Pres. Hayes ; elected Vice-Pres. in 1880 ; succeeded to Presidency Sept. 19, 1881 ; on polygamy, VIII. 456 ; approves Edmunds anti-polygamy bill, VIII. 470 ; vetoes Miller Chinese exclusion bill, XI. 263 ; approves Chinese exclusion bills, XI. 263 ; on tariff, XII. 199 ; signs bill for tariff comm'n, XII. 220 ; approves bill reduc. internal rev., XII. 122 ; approves nat. bank charter extension bill, XIII. 275.

ASHBURTON, LORD, Alex. Baring, British statesman : b. 1774, d. 1848 ; quoted on *Carolina* affair, II. 437 ; for Webster-Ashburton Treaty, see WEBSTER-ASHBURTON TREATY in Index II.

ASHLEY, MISS, treas. Nat. Wom. Suff. Ass'n : quoted *in re* woman suf., VIII. 397.

ASHLEY, JAMES M. (O.) : b. 1822, d. 1896 ; lawyer ; M. C. 1859-69 ; on reconstruction, VII. 236, VIII. 50 ; moves impeachment of Pres. Johnson, IX. 57, 58, 86 ; gov. Mont. Terr. 1869.

ATCHISON, DAVID R. (Mo.) : b. 1807, d. 1886 ; adm. bar 1830 ; Sen. 1841-55 ; pres. of Sen. 1853, and acting Vice-Pres., and virtually Pres. U. S. for one day, Mch. 4, 1849 ; on slavery in territories, IV. 146 ; 261 ; advice by, on Kansas election, IV. 318 ; leads "Platte County Rifles," IV. 324.

ATKINSON, EDWARD (Mass.) : b. 1827, d. 1905 ; American economist ; ref. to, XII. 232, 238, 253.

ATTUCKS, CRISPUS, mulatto, leads mob in Boston Massacre, VI. 230 ; coffin of, cartoon, I. 78.

B

BABCOCK, ORVILLE E., GEN. : b. 1835, d. 1884 ; private sec. Pres. Grant ; negotiates treaty for annex. of San Domingo, III. 7, 18, 27, 28, 32, 39.

BACON, AUGUSTUS O. (Ga.) : b. 1839 ; in C. S. A. ; adm. bar 1866 ; Sen. 1894-—— ; mem. comm. Judiciary, Foreign Rel., etc. ; on recog. Cuban ind., III. 120, 121 ; on annex. of Hawaii, III. 233, 234 ; on Philippine question, III. 289, 290, 292 *ss*, 313, 315, 322 ; on pop. elec. of Sen., IX. 463 ; on child labor, XI. 304.

BADGER, GEO. E. (N. C.) : b. 1795, d. 1866 ; adm. bar 1814 ; judge sup. court 1820-95 ; Sec. of Navy 1841 ; Sen. 1846-55 ; on sympathy with Ireland, II. 278 *ss* ; on slavery, IV. 157, 158, 256 ; on Kan.-Neb. bill, IV. 293 *ss* ; on flogging in the navy, IX. 233 *ss* ; on Pacific railroad subsidy, X. 199, 200 ; opposed secession of N. C.

BAEZ, BUENAVENTURA : Domincan chief, referred to in debate on annex. of San Dom., III. 18 *ss*, 28, 29, 33, 39, 40.

BAILEY, JOSEPH W. (Tex.) : b. 1863 ; adm. bar 1883 ; M. C. 1891-1901 ; on international monetary conference, XIV. 132 ; on silver purchase repeal, XIV. 307 *ss* ; on Dingley tariff, XII. 358 *ss* ; ref. to, XII. 352 *ss* ; on the Littlefield anti-trust bill, XI. 74 ; Sen. 1901-13 ; on income tax, XII. 413, 414, 416 *ss*.

BAKER, EDWARD D. (Ill. and Ore.) : b. in London 1811, d. 1861 ; lawyer ; M. C. Ill. 1845-46 ; col. in Mex. war ; M. C. Ill. 1849-51 ; removed to Ore. 1860 ; Sen. 1860-61 ; on Conciliation Bill, V. 387 *ss*, 402 *ss* ; on "war-making power," VI. 92, 112 *ss* ; joins Union army, killed, VI. 118.

BAKER, STEPHEN (N. Y.) : b. 1819, d. 1875 ; M. C. 1861-63 ; on nat. banking bill, XIII. 227.

BAKUNIN, MIKHAIL, radical economist, ref. to, XI. 350.

BALDWIN, ABRAHAM (Ga.) : b. in Ct. 1754, d. 1807 ; Rev. soldier ; removed to Ga. in 1784, adm. to bar ; founded Univ. of Ga. 1785 ; pres. until 1800 ; M. C. 1785-88 ; mem. Const. Conv., I. 337 ; M. C. 1789-99 ; on relations with France, II. 70, 71 ; on petition against slave trade, IV. 14, 15 ; Lincoln on, V. 249, 250 ; on naturalization, VII. 15, 19 ; on the provisional army, IX. 186 ; on post-road survey, X. 135 ; Ga. comm'r on cession of territory to U. S. 1802.

BALDWIN, JOHN B. (Va.) : in conference with Lincoln, VI. 54 ; report by, on conference, 54, 55.

BALDWIN, ROGER S. (Ct.) : b. 1793, d. 1863 ; adm. bar 1814 ; gov. 1845-46 ; Sen. 1847-51 ; in 1861 presents minority report of peace conf. 1861, V. 435.

BANCROFT, GEO. : b. 1800, d. 1891 ; historian ; pub. 1st vol. "Hist. of U. S." in 1834 ; Sec. of Navy and War 1845-46 ; min. to G. B. 1846-49 ; min. to Germany, 1868-74 ; on Canadian boundary, II. 446.

BANKS, NATHANIEL P. (Mass.) : b. 1816, d. 1894 ; in 1853 elect. to Congress as coalition Dem. ; on the "Know-Nothing" party, VII. 157 ; elected Speaker, IV. 320 ; gov. Mass. 1857-59 ; major-gen. in Civil War ; order to, for protection of loyal voters, quoted, VI. 351 ; M. C. 1865-73 ; on purchase of Alaska, II. 396 *ss*, 414 ; on XIVth Amend., VII. 439 ; on military reconstruction, VIII. 49, 61 ; on Wood tariff bill, XII. 163.

BARBER (or BARBOUR), THOMAS W. (Kan.) : shot dead by pro-slavery "militia," IV. 319, 320.

BARBOUR, DAVID, SIR (Brit.) : *in re* closure of Indian mint to silver, XIV. 388.

BARBOUR, JAMES (Va.) : b. 1775, d. 1842 ; adm. bar 1794 ; gov. Va. 1812-14 ; Sen. 1815-25 ; chm. com. on for. rel. ; on African slave trade, IV. 37, 38 ; on slavery, IV. 66, 67 ; Sec. of War 1825-28 ; min. to G. B. 1828-29.

BARBOUR, PHILIP P. (Va.) : b. 1783, d. 1841 ; M. C. 1814-21 ; Speaker ; on slavery in Mo., IV. 44, 50, 54 *ss*, 85 *ss* ; supports State rights *in re* post-roads, X. 153-155 ; M. C. 1827-30 ; pres. Phila. free trade conv. 1831 ; assoc.-just. Sup. Ct. 1836-41.

BARCA, CALDERON DE LA, Spanish amb. to U. S., protest of, on filibustering, III. 70.

BARCLAY, MR. (Eng.) : in discussion with Franklin, I. 109 *ss*.

BARD, THOMAS R. (Cal.) : b. 1841 ; Sen. 1902-5 ; on Panama Canal tolls, quoted, III. 457, 460.

BARING BROS. : British bankers, rise of, XIV. 17.

BARNES, WM. H., author : his "Hist. of 39th Cong.," I. XXV.

BARNWELL, ROBERT W. (S. C.) : b. 1801, d. 1882 ; adm. bar 1824 ; M. C. 1829-33 ; pres. S. C. College 1835-41 ; Sen. 1850-51 ; reply of, to Sen. Clay, IV. 225 ; Conf. com'r. to Washington, D. C., V. 280, 281.

BARRÉ, ISAAC, COL. : Eng. M. P. : friend of Amer. ; on Stamp Act, I. 18 *ss* ; on supremacy of Parl., I. 50 ; opposes bill for deportation of Americans for trial in Eng., I. 83.

BARRY, WILLIAM T. S. (Miss.) : b. 1821, d. 1868 ; lawyer ; M. C. 1853-55 ; on the "Know-Nothing" party, VII. 137 ; pres. Miss. secession conv. 1861 ; in C. S. A.

BARTHOLDT, RICHARD (Mo.) : b. in Germany, 1855 ; ed. St. Louis *Tribune* 1885-92 ; M. C. 1893-1913 ; on the canteen bill, XI, 443 ; on child labor, XI. 319 ; pres. Interparliamentary Union for Promot. Internat. Arbit.

BARTLETT, CHAS. W. : commodore U. S. N. ; b. 1850 ; quoted on annex. of Hawaii, III. 227.

BATE, WILLIAM B. (Tenn.) : b. 1826, d. 1905 ; lawyer ; gen. in C. S. A. ; gov. 1883-5 ; Sen. 1887-1905 ; on annex. of Hawaii, III. 234 *ss*.

BATES, ARTHUR L. (Pa.) : b. 1859 ; adm. bar 1882 : M. C. 1901— ; on Payne tariff, XII. 386, 387.

BATES, EDWARD (Mo.) : b. 1793, d. 1869 ; adm. bar 1816 ; M. C. 1827-29 ; Free-Soiler ; candidate for Rep. Pres. nom. in 1860 ; atty-gen'l 1861-64 ; opinion on Treasury notes, XIII. 190.

BATES, LINDEN W. (Ill.) : b. 1858 ; Chicago contractor ; on canal construction, cited, III. 386.

BATTLE, R., cartoon by, XI. 359.

BAYARD, JAMES A., SR. (Del.) : b. 1767, d. 1815 ; adm. bar 1787 ; M. C. 1796-1803 ; on relations with France, II. 80, 81 ; on deportation of aliens, VII. 24, 25 ; opposes reduction of the army, IX. 191 ; on tenure of office of judges, IX. 518 ; Sen. 1805-13 ; on canals, X. 138 ; peace com'r (1814), II. 217.

BAYARD, JAMES A., JR. (Del.) : b. 1799, d. 1880 ; lawyer ; Sen. 1851-1869 ; opposes Pacific R. R. subsidy, X. 161-3 ; on purchase of Cuba, III. 90, 91 ; Sen. Douglas on, V. 232, 233 ; presides over Southern Dem. Conv. (1860), V. 243 ; on right of secession, VI. 38 *ss* ; on bill for martial law, VI. 104 ; on suffrage as a right, VIII. 131 *ss*.

BAYARD, THOMAS F. (Del.) : b. 1828, d. 1898 ; adm. bar 1851 ; Sen. 1869-1885 ; mem. electoral com. 1876 ; pres. *pro tem.* 1881 ; on annex. of San Domingo, III. 15 *ss* ; on Southern outrages, VIII. 169, 181 *ss* ; on specie payments, XIII. 416 *ss* ; on legal tender of silver, XIV. 69 ; on internat. monetary conf., XIV. 97 *ss* ; Sec. of State 1885-89 ; ambs. to G. B. 1893-7 ; correspondence of Sec. Olney with, III. 51 *ss* ; statement on Hawaii by, III. 217 ; on treaty with Colombia, quoted, III. 418.

BAYLY, THOMAS H. (Va.) : b. 1810, d. 1856 ; adm. bar 1830 ; M. C. 1844-56 ; on Ostend conference, III. 84.

BAYNE, THOMAS M. (Pa.) : b. 1836, d. 1894 ; col. in Union army ; adm. bar 1866 ; M. C. 1877-91 ; on Mills tariff, XII. 243.

BEAMAN, FERNANDO C. (Mich.) : b. 1814, d. 1882 ; lawyer ; founder Rep. party ; M. C. 1861-71 ; on reconstruction, VII. 208.

BEARD, FRANK : d. 1905 ; cartoons by, IX. 60 ; XII. 219.

BEAUPRÉ, ARTHUR M. (Ill.) : b. 1853 ; lawyer ; consul-gen. and sec. legation at Guatemala 1897-99, and at Colombia 1899-1903 ; min. to Colombia 1903 ; on relations with Colombia, quoted, III. 438 ; min. to Argentine R. 1904-08 ; min. to Neth. and Luxemb. 1908-12.

BEAUREGARD, PIERRE G. T., GEN. (La.) : b. 1818, d. 1893 ; grad. West Pt. 1838 ; in Mex. War ; resigned appointment to superintend W. P. to enter C. S. A. ; demands surrender of Fort Sumter, VI. 53 ; assumes command of Confederate forces, 57, 59 ; in Battle of Bull Run, 68 ; on execution of abolition prisoners, VI. 249.

BECKFORD, ALDERMAN (Eng.) : opposes Stamp Act, I. 18.

BECK, JAMES B. (Ky.) : b. Scot. 1822, d. 1890 ; lawyer ; M. C. 1867-75 ; Sen. 1877-1890 ; report by, on tariff reduction, XII. 258 *ss*.

BEDFORD, GUNNING S., JR. (Del.) : b. 1747, d. 1812 ; lawyer ; M. C. 1783-86 ; in Cons. Conv., I. 341 *ss*.

BEECHER, HENRY WARD (N. Y.) : b. 1813, d. 1887 ; preacher and lecturer ; abolitionist ; ref. to, XIV. 188.

BELKNAP, CHARLES E. (Mich.) : b. 1846 ; in Union army ; M. C. 1889-93 ; opposes theories of Henry George, X. 80.

BELL, CHAS. K. (Tex.) : b. 1853 ; adm. bar 1874 ; M. C. 1893-97 ; *in re* P. R. R. funding bill, X. 286, 302-307 ; atty.-gen. Tex. 1901-04.

BELL, JOHN (Tenn.) : b. 1797, d. 1869 ; adm. bar 1816 ; State Sen. 1817 ; M. C. 1827-41 ; opp. Pres. Jackson's bank policy ; opp. protection and then favored it ; a founder of Whig party ; elect. Speaker 1834 ; advoc. abolition in D. C. ; Sec. of War

1841; Sen. 1847-59; on disunion, IV. 163; res. of, on slavery, IV. 221; nom. for Pres., V. 244; votes cast for, V. 267, 268; first opposed, then supported secession of Tenn.

BELL, JOHN C. (Col.): b. 1851; judge; M. C. 1893-03; advocates gov't ownership of R. Rs., X. 314; on Dingley tariff, XII. 333 *ss*.

BELLAMY, EDWARD (Mass.): author of "Looking Backward," XI. 352.

BELMONT, AUGUST (N. Y.): b. Germany 1816, d. 1890; banker; consul-gen. of Austria to U. S., resigned as protest against treatment of Hungary; U. S. chargé d'a. Hague, 1853-56; instructions to, III. 83-84; "War Democrat"; chm. Nat. Dem. Com. 1864-72; denounces reconstruction, VIII. 88; resigned on nom. of Greeley in 1872.

BENGOUGH, J. W., Canadian cartoonist: single-taxer; cartoon by, X. 54.

BENJAMIN, JUDAH P. (La.): b. W. I. 1811, d. 1884; adm. bar 1832; partner John Slidell; Sen. 1853-61; on slavery in Cuba, III. 80 *ss*; on "Freeport doctrine" of Sen. Douglas, V. 163; in debate on Conciliation Bill, V. 338, 380 *ss*, 390 *ss*.

BENSON, SAMUEL P. (Me.): b. 1804, d. 1876; lawyer; M. C. 1853-57; on polygamy, VIII. 414, 415, 416.

BENTON, THOMAS H. (Mo.): b. 1782, d. 1858; adm. bar 1811; in Tenn. legis. 1811, moved bill, which passed, granting slaves right to same trial as whites, oppos. secession theory; moved to Mo.; Sen. 1820-50; prominent in debates on finance, public lands, slavery and secession; on renewing charter of U. S. Bank, XIII. 66 *ss*; on Pres. Jackson's veto of U. S. Bank bill, XIII. 90; on censure of Pres. Jackson for removing bank deposits, XIII. 98, 104; on Treasury circular ordering specie payments for public lands, XIII, 112; on relations of paper money and specie, XIII. 119 *ss*; advocates issuance of Treasury notes, XIII. 127; on Sub-Treasury bill, XIII. 143 *ss*; lampoons Whig bill to establish "Fiscal corporation of U. S.," XIII. 177 *ss*; on Oregon boundary, II. 303, 307, 312, 313; bill by, for annex. of Texas, II. 336; on war with Mexico, II. 373; exhibits anti-slavery picture, IV. 124; votes against Nebraska bill, IV. 311; land policy of, X. 7; editor of "Debates of Congress," I. xv, xxii; author of "Thirty Years' View," I. xxiv; remarks of, on debate on increase of army, II. 185; on debate on Panama Congress, II. 235; on duel between Clay and Randolph, II. 248; on controversy over slavery in Territories, IV. 43, 44; on Clay, IV. 77; on Articles of Confederation, IV. 85, 86; on resolutions of Calhoun, IV. 143 *ss*; on slavery, IV. 197; on Va. resolutions, V. 13 *ss*; on Webster-Hayne debate, V. 37, 73, 74; on nominations of candidates by party conventions, IX. 405; on "Compromise Tariff," XII. 70, 72; quoted, VII. 92; XIII. 26, 159; ref. to, XII. 437; portrait, X. frontispiece; caricature of, XIII, 65.

BENTHAM, JEREMY: b. 1748, d. 1832; Eng. economist; authority on international law, quoted, II. 292.

BERGER, VICTOR L. (Wis.): b. Austria 1860; ed. Soc. papers, Milwaukee; organizer Soc. Dem. party; first Socialist M. C., XI. 353; introduces resolution for woman suf., VIII, 354; on woman suf., VIII, 383; speech on "necessity of a workingman's party," XI. 353.

BERGH, ALBERT ELLERY (N. Y.) editor: advice of, on "Great Debates in American History," I. xvi.

BERNARD, FRANCIS, SIR (Eng.): d. 1779; royal gov. Mass., letters of, I. 76 *ss*.

BERNARD, MONTAGUE, Oxford prof. inter. law: mem. Geneva Commission, II. 444.

BERNHISEL, JOHN M. (Utah): b. 1799, d. 1881; physician; del. to Cong. 1851-56, 1861-63; on polygamy, VIII. 405, 406, 423.

BERRIEN, JOHN M. (Ga.): b. 1781, d. 1856; lawyer; Sen. 1825-29; Atty.-Gen. 1829-31; Sen. 1841-53; presents protest of Ga. against Tariff of 1828, V. 28; speech on, 29; on extension of Cons. to Territories, IV. 180; on fug. slave law, IV. 245; on war with Mex., II. 348, 349; on admission Tex., II. 351, 352.

BERRY, JAMES H. (Ark.): b. 1841, d. 1913; in C. S. A.; adm. bar 1866; gov. 1882; Sen. 1885-1907; on pensions, IX. 283; on R. R. land grants, X. 272, 273-275; on annex. of Philippines, III. 308 *ss*.

BEVERIDGE, ALBERT J. (Ind.): b. 1862; adm. bar 1887; Sen. 1899-1911; on child labor, XI. 289, 296; on income tax, XII. 417.

BIBB, GEORGE M. (Ky.): b. 1772, d. 1859; chief-jus. Ky.; Sen. 1811-15, 1829-35; Sec. of Treas. 1844-45; on regulating commerce, quoted, V. 93.

BIDDLE, CHARLES J. (Pa.): b. 1819, d. 1873; adm. bar 1840; in Mex. War; in Civil War; M. C. 1861-63; on conscription bill, VI. 282, 298, 299.

BIDDLE, NICHOLAS (Pa.): b. 1786, d. 1844; lawyer, banker, editor *Portfolio*; pres. U. S. Bank 1823-39; refuses demand of Jackson politicians, XIII. 63; ref. to, XIII. 147.

BIGELOW, JOHN (N. Y.): b. 1817, d. 1912; adm. bar 1838; publicist; Free-Soiler; ed. N. Y. *Eve. Post* 1849-60; consul Paris, 1861-65; min. to France 1866; discovered and edited Benj. Franklin's autoblog.; free trader, quoted on tariff, XII. 158, 159.

BIGLER, WM. (Pa.): b. 1814, d. 1880; editor, and lumberman; gov. 1851-55; Sen. 1855-61; in debate on Conciliation Bill, V. 342, 343, 405, 434; pres. Phil. & Erie R. R.

BINGHAM, JOHN A. (O.): b. 1815, d. 1900; adm. bar 1840; M. C. 1855-63; in debate on fug. slave bill, VI. 126 *ss*; on compensated emancipation, VI. 167, 168; on prosecution of Civil War, VI. 268 *ss*; on conscription bill, VI. 299 *ss*; judge-advocate in U. S. A.; M. C. 1865-73; mem. comm. on reconstruction, VII. 307; on reconstruction, VII. 323, *ss*, 357 *ss*, VIII. 46, 51; on civil rights, VII. 407; on XIVth Amend. VII. 442; on impeaching Pres. Johnson, IX. 82; on com. to draw up articles of impeachment, IX. 89; chairman managers of impeachment, IX. 90; U. S. minister to Japan 1873-85.

BINGHAM, KINSLEY S. (Mich.): b. 1808, d. 1861; farmer; M. C. 1847-51; gov. 1855-58; Sen. 1859-61; in debate on "war-making power," VI. 85, 96.

BIRNEY, JAMES G. (Ky.): b. 1792, d. 1857; adm. bar 1813; lives in Ala., 1818-32; returns to Ky.; lecturer on abolition; favors colonizing freedmen, IV. 99; removes to Cinn., O., 1835; pub. *Philanthropist*; removed to N. Y. City 1837, sec. Nat. Anti-Slav. Soc.; nominated for President of the U. S. by abolitionists, II. 336.

BLACK, JEREMIAH S. (Pa.): b. 1810, d. 1883; adm. bar 1829; chief-jus. Pa. 1851-57; U. S. Atty-Gen. 1857-60; on coercion of Southern States, V. 292, 293; appointed Sec. of State, V. 280.

BLACKBURN, JOSEPH C. S. (Ky.): b. 1838; adm. bar 1858; C. S. A.; M. C. 1875-85; opposes use of troops at polls, IX. 162-167; Sen. 1885-97, 1901-07.

BLACKSTONE, WM., SIR (Eng.): b. 1723, d. 1780; pub. "Commentaries on Laws of Eng." 1769; cited on excise, XII. 10; on arbitrary imprisonments, VI. 297; quoted in *Alabama* case, II. 441.

BLAINE, JAMES G. (Me.): b. 1830, d. 1893; teacher; ed. Kennebec *Journal* 1854; leader in new Rep. party; ed. Portland *Advertiser*; mem. legis. 1859-62 (Speaker 1861-62); M. C. 1863-75 (Speaker 1869-75); Sen. 1876-80; Sec. State 1881; pub. "Twenty Years of Cong." 1884-86, I. XXV; Rep. cand. for Pres. 1884, XII. 220; Sec. State 1889-92; summary by, of debate on purchase of Alaska, II. 420 *ss*; on isthmian canal, III. 183, 346; on Clayton-Bulwer treaty, III. 368; on treaty with New Granada (Colombia), III. 433; on Gen. O. O. Howard, VII. 183; on reconstruction, VII. 270, 273, 281, 307, 311 *ss*; on Henry J. Raymond, VII. 363; summary of first civil rights bill, VIII. 365; proposes amendment to Constitution concerning civil rights, VII. 412; presents debate on amend., VII. 413; remarks, VII. 418; his summary of arraignment of Pres. Johnson, VII. 454, 457; his summary of Stevens bill for reconst., VIII. 45; on military reconstruction, VIII. 52, 59; his account of repeal of pardoning power of Pres., VIII. 70; on first negro Senator, VIII. 164; on our Indian policies, VIII. 311; on W. H. Seward as writer of State papers, IX. 55; on restricting Chinese immigration, XI. 244; report by, on cotton goods trade, XII. 336; on payment of interest in gold, XIII. 277 *ss*, 293, 296, 298, 299; opposes bill to prevent further reduction of currency, XIII. 340; on international monetary conference, XIV. 110 *ss*, 133, 134, 135; provisions of substitute for Allison monetary bill, XIV, 115; portrait, XIII. 276; caricatures of, XIII. 219, 266.

BLAIR, AUSTIN (Mich.): b. 1818, d. 1894; adm. bar 1841; Free-Soiler 1848; Rep. 1854; gov. 1861-65; M. C. 1867-73; advocates government railroad, X. 251, 252.

BLAIR, FRANCIS P., SR. (D. C.): b. 1791, d. 1876; founds *Congressional Globe*, I. xxi; retires in 1845; chm. Rep. conv. 1856; mem. abortive peace comm'n to the Confederate States, 1864.

BLAIR, FRANCIS P., JR. (Mo.): son of preceding, b. 1821, d. 1875; adm. bar 1843; in Mex. War; Free-Soiler 1848; M. C. 1859-63; officer in Civil War, 1861-65; action of, in disarming secessionists, discussed, VI. 99; bill by, against return of fug. slaves, VI. 125, 126; nominated by Dem. for Vice-Presidency, VIII. 86; Sen. 1871-73; on Ku-Klux outrages, VIII. 192; caricature of, VIII. 94.

BLAIR, HENRY W. (N. H.): b. 1834; adm. bar 1859; in Civil War; M. C. 1875-79, 1903-05; Sen. 1879-91; on pension bill, IX. 278; on railroad land grants, X. 269; on silver purchase, XIV. 226, 227; author of bill to extend Fed. education to States, which passed Sen. thrice; bill to estab. Labor Dept.; proposer of Const. Amend. to prohibit manufacture of liquor, etc.

BLAIR, MONTGOMERY (Md.): son of F. P. Blair, Sr., b. 1813, d. 1883; adm. bar 1839; counsel for plaintiff in Dred Scott case; Postmaster-gen. 1861-1864; opinion by, on Emancipation Proclamation, VI. 218; supported Tilden's claims in contest for Pres. in 1876.

BLAKEMAN, WILBERT W.: asst. editor of present series, I. xxxi.

BLANC, LOUIS, radical social reformer: ref. to, XI. 348.

BLANCO, GEN. (Spain): sent to quell Cuban insurrection, III. 100, 101; instructions to, 133.

BLAND, RICHARD (Va.): b. 1710, d. 1778; author of "An Inquiry into the Rights of the British Colonies"; opp. Stamp Act, I. 35, 38; opp. Henry's militant res., I. 159; signed non-importation agreement 1769; mem. of intercolonial com. 1773; M. C. 1774.

BLAND, RICHARD P. (Mo.): b. 1835, d. 1899; miner in Cal. 1855-59; miner and lawyer in Nev. 1859-65; lawyer in Mo. 1865-72; M. C. 1873-95, 1897-99; opposes increase of the navy, IX. 253; on Chicago R. R. strike, X. 408, 409; on Mills tariff, XII. 240, 241; on nat. banks, XIII. 233; introduces bill to issue legal tender coin certificates, XIV. 50 *ss*; introduces bill to coin standard silver dollar, XIV. 53; introduces bill for free coinage of silver, XIV. 54; on monetary commission, XIV. 71 *ss*; mem. monetary commission, XIV. 75, 76; bill of, for free coinage of silver dollars, XIV. 142 *ss*;

moves to recommit Sherman substitute for Conger silver purchase bill, XIV. 273; on silver purchase repeal, XIV. 289, 294 *ss*; portrait, XIV. 142; caricature of, XIV. 73.
BLOUNT, JAMES H. (Ga.): b. 1837, d. 1903; adm. bar 1859; in C. S. A.; M. C. 1873-93; on ship subsidies, XI. 141, XI. 160; sent as special comm'r to Hawaii, III. 170, 171; Sen. Hoar on, III. 241.
BLOUNT, THOMAS (N. C.): b. 1760, d. 1812; in Rev. War; M. C. 1793-99, 1805-09, 1811-12; on petition of fugitive freedmen, IV. 29, 30.
BLOUNT, WM. (Tenn.): b. 1749, d. 1800; M. C. from N. C. 1783-84, 1786-87; votes against slavery in N. W. Territory, V. 248; mem. Cons. Conv.; gov. Tenn, Terr. 1790-96; Sen. 1796-97; impeachment of, IX. 70, 75.
BLOW, HENRY T. (Mo.): b. 1817, d. 1875; mfr.; in Civil War; M. C. 1863-67; mem. comm. on reconstruction, VII. 307.
BOATNER, CHARLES J. (La.): b. 1849, d. 1903; M. C. 1889-97; on silver purchase repeal, XIV. 305.
BOGY, LEWIS (Mo.): b. 1813, d. 1877; lawyer, miner; Sen. 1873-79; on specie payments, XIII. 411 *ss*; on legal tender of trade dollar, XIV. 7, 9, 10, 11; on bill to recoin standard dollar, XIV. 11 *ss*; on recoinage of standard silver dollar, XIV. 29; mem. monetary commission, XIV. 75.
BOKER, GEORGE HENRY (Pa.): b. 1823, d. 1890; poet, author of dramas, war lyrics, etc.; poem by, on "The Black Regiment," VI. 247.
BOLIVAR, SIMON, GEN., S. A. patriot: b. 1783, d. 1830; revolt of, II. 220, 229.
BOLLAN, MR., British friend of America, I. 107.
BONIFACIO, ANDRÉS, leader in Philippine insurrection, III. 246.
BOOTH, JOHN WILKES: b. 1838, d. 1865; actor; assassinates Pres. Lincoln, VII. 267.
BOOTH, NEWTON (Cal.): b. 1825, d. 1892; adm. bar 1850; gov. Cal. 1871-73; Sen. 1875-81; on recoinage of standard silver dollar and interconvertible bond currency, XIV. 32 *ss*.
BORAH, WILLIAM E. (Ida.): b. 1865; adm. bar 1889; Sen. 1907—; on popular election of Senators, IX. 449, 474; on the Arizona constitution, IX. 541.
BORDEN, RICHARD, Canadian statesman; opposes reciprocity with U. S., XII. 449.
BOTELER, ALEX. R. (Va.): b. 1815, d. 1892; M. C. 1859-61; motion of, for com. on conciliation with South, V. 436; in C. S. A.
BOTTS, JOHN MINOR (Va.): b. 1802, d. 1869: adm. bar 1820; of counsel for Aaron Burr; farmer; M. C. 1839-43, 1847-52; opp. repeal of Mo. Comp. and Lecompton bill; mem. American party; Union man; on Lincoln's interview with John B. Baldwin, VI. 54, 55.
BOUDINOT, ELIAS (N. J.): b. 1740, d. 1821; lawyer, philanthropist; commis.-gen. prisons 1777; M. C. 1777-1782, 1789-1795; on petitions against slave trade, IV. 25 *ss*; on speculation and repudiation, XIII. 12 *ss*; 1st pres. Amer. Bible Soc.; aids Indians, deaf-mutes, etc.
BOURNE, JONATHAN (Ore.): b. 1855; adm. bar 1881; interested in mines and mfrs.; Sen. 1807-13; on debarring R. R. controlled ships from Panama Canal, III. 465; on popular *vs.* delegated gov., IX. 482; on the initiative and referendum, IX. 485; on "machine" politics, IX. 486; on popular election of Pres., IX. 487.
BOUTELLE, CHARLES A. (Me.): b. 1839, d. 1901; in U. S. N. 1862-66; editor; M. C. 1883-1901; on ship subsidies, XI. 183; on repeal of silver purchase, XIV. 391; on Wilson tariff, XII. 313.
BOUTWELL, GEO. S. (Mass.): b. 1818, d. 1905; lawyer; founder Rep. party; gov. 1850-51; mem. "peace" cong. in 1861; com'r inter. rev. 1862; M. C. 1863-1869; Sec. of Treas. 1869-1873; Sen. 1873-77; remark by Pres. Lincoln to, on Eman. Proc., VI. 218; on reconstruction, VII. 258; mem. com. on reconstruction, VII. 307; on XIVth Amend., VII. 434; on military reconstruction, VIII. 50, 51, 53, 59; introduces XVth Amend., VIII. 113, 114; on impeaching Pres. Johnson, IX. 66, 71, 87; mem. committee to draw up articles of impeachment, IX. 89; manager impeachment, IX. 90; on specie payments, currency and free banking, XIII. 392 *ss*; mem. monetary commission, XIV. 75.
BOWDOIN, JAMES (Mass.): b. 1727, d. 1790; man of wealth and culture; patriot; opp. royal govs.; mem. intercolonial com., I. 85; gov. 1785-86.
BOWEN, FRANCIS (Mass.): b. 1811, d. 1890; prof. in Harvard on phil. and civil polity; author; mem. monetary commission, XIV. 75.
BOWERS, WILLIAM W. (Cal.): b. 1834; in Union army; M. C. 1891-97; opposes R. R. funding bill, X. 316-317.
BOWIE, RICHARD J. (Md.): b. 1807, d. 1888; lawyer; M. C. 1849-53; opposes homestead law, X. 43-45, 46-48.
BOWIE, THOMAS F. (Md.): b. 1808, d. 1869; lawyer; M. C. 1855-59; on slavery, IV. 331, 332.
BOWMAN, R., cartoon by, III. 133.
BOWMAN, THOMAS (Ia.): M. C. 1891-93; votes for single-tax amend., X. 70.
BOYCE, WILLIAM W. (S. C.): b. 1818, d. 1890; lawyer; M. C. 1853-60; on polygamy, VIII. 427, 429, 430; on tariff of 1857, XII. 86 *ss*; in Conf. Cong.
BOYER, BENJ. M.: b. 1823, d. 1887; lawyer; M. C. 1865-69; on XIVth Amend., VII. 422; on impeachment of Pres. Johnson, IX. 59.
BRADFORD, AUGUSTUS W. (Md.): b. 1806, d. 1881; adm. bar 1827, peace com'r 1861; gov. 1861-67; proclamation by, for freedom of ballot, VI. 358, 359.
BRADLEY, cartoon by, XI. 85

BRAINARD, W. F., "book-builder" of present series, I. xxxi.
BRANCH, JOHN (N. C.): b. 1782, d. 1863; Sen. 1824-29; on powers of President, II. 245; Sec. Navy 1829-31; gov. Fla. 1843.
BRANDEGEE, AUGUSTUS (Ct.): b. 1828, d. 1904; lawyer; M. C. 1863-67; on military reconstruction, VIII. 46.
BRANDENBURY, JUDGE: ref. to *in re* polygamy, VIII. 434, 435.
BRECKINRIDGE, JOHN (Ky.): b. 1760, d. 1806; adm. bar 1785; connection of, with Ky. Resolutions, V. 1, 2, 5 *ss*; Sen. 1801-05; proposes repeal of the judiciary law of 1801, IX. 501; on La. Purchase, II. 90, 94, 95, 102, 108 *ss*; Atty-Gen. 1805-6.
BRECKINRIDGE, JOHN C. (Ky.): b. 1821, d. 1875; son of Joseph C. B.; lawyer; in Mex. War; M. C. 1851-55; nom. for Vice-Pres., IV. 370; elected, 372; Sen. Douglas on, V. 229; appoints members of Sen. Com. on Conciliation, V. 374; presents plan of "peace conference," V. 436; nom. for Pres., V. 266; votes cast for, 267, 268; Sen. 1861; on "war-making power," VI. 85 *ss*, 103, 105, 109 *ss*, 117, 118; expelled Sen. Dec. 4, 1861; joins Confed. army, VI. 118; treason of, Pres. Lincoln on, VI. 321; caric. of, V. 265; caric. of his petition against Civil War, VI. 95.
BRECKINRIDGE, JOSEPH CABELL (Ky.): son of John B.; letter of Jefferson to, V. 5.
BRECKINRIDGE, WM. C. P. (Ky.): b. 1837, d. 1904; adm. bar 1857; in C. S. A.; prof. of law in Ky. Univ.; M. C. 1885-95; on reduction of surplus, XII. 228 *ss*; on Mills tariff, XII. 250 *ss*; on McKinley tariff, XII. 284, 285; on Wilson tariff, XII. 298 *ss*.
BREESE, SIDNEY (Ill.): b. 1800, d. 1878; adm. bar 1821; Sen. 1843-49; on slavery, IV. 149; on Oregon boundary, II. 315; advocated Pacific R. R., wrote hist. of it; 1873-78, chief-just. Ill.
BRÉHAUT, ELLA C. (D. C.); opposes woman suf., VIII. 386, 393.
BREWER, DAVID J. (Kan.): b. 1837; adm. bar 1859; just. sup. ct. Kans. 1870-84; U. S. circuit judge 1884-89; Assoc.-Jus. U. S. Sup. Ct. 1889—; decision on punishment for contempt of court, XI. 339; vote by, on income tax case, XII. 409; opinion by, in case of Knowlton *vs.* Moore, XII. 413, 414; on Venezuela boundary comm'n, 1896.
BRICE, CALVIN S. (O.): b. 1845, d. 1898; in Civil War; adm. bar 1866; R. R. promoter in U. S. and China; chm. Nat. Dem. Com. 1888-1890; Sen. 1891-97; amends Wilson tariff bill, XII. 323.
BRIGHT, JESSE D. (Ind.): b. 1812, d. 1875; adm. bar 1831; Sen. 1845-62; pres. *pro tem.*; vote by, on Crittenden resolutions, V. 434; expelled Sen. 1862 for writing letter to Jeff. Davis recognizing his office.
BRIGHT, JOHN (Eng.): b. 1811, d. 1889; statesman, free-trader; on tariff, quoted, XII. 335; friend of U. S. in Civil War; taunted by builder of *Alabama*, II. 434, 435; on slavery, 435, 436.
BRIGHT, JOHN M. (Tenn.): b. 1817; d. 1911; lawyer; M. C. 1871-81; on demonetization of the silver dollar, XIV. 3.
BRINCKERHOFF, JUDGE H. R. (O.): drafts "Wilmot" proviso against slavery, IV. 134.
BRISTOW, BENJAMIN H. (Ky.): b. 1832; adm. bar 1853; in Union army; U. S. solicitor-gen. 1871; Sec. Treas. 1874-76; prom. cand. for Pres. Rep. Conv. 1876; quoted on currency, XIII. 434.
BRISTOW, JOSEPH L. (Kan.): b. 1861; editor; ass't p. m. gen. 1897-1905; Sen. 1909—; advocates popular election of Senators, IX. 470.
BROCEHUS, JUDGE (Utah): on polygamy, VIII. 404.
BROCK, BARON, Aust. min. finance: suicide of, ref. to, XIII, 232.
BROCKENBROUGH, WM. H. (Fla.): b. 1813, d. 1850; lawyer; M. C. 1846-47; against Wilmot Proviso, IV. 137, 138.
BROMWELL, HENRY P. H. (Ill.): b. 1823, d. 1903; lawyer; M. C. 1865-69; on military reconstruction, VIII. 61.
BROOKS, JAMES (N. Y.): b. 1810, d. 1873; ed. and pub. N. Y. *Express*; M. C. 1849-53, 1865-73; mem. Ways and Means; on XVth Amend., VIII. 115; defends Pres. Johnson, IX. 63, 79; on tariff of 1870, XII. 124 *ss*, 132; gov't director Pacific R. R.; censured by 42d Cong. for part in "Crédit Mobilier"; returned to 43d Cong. by increased majority.
BROOKS, PRESTON S. (S. C.); b. 1819, d. 1857; adm. bar 1845; M. C. 1853-57; assault on Sen. Sumner by, IV. 351 *ss*; defends his act, IV. 362 *ss*; challenged to duel by Repr. Burlingame, 368, 369; cartoon on the assault, IV. 352.
BROOMALL, JOHN M. (Pa.): b. 1816, d. 1894; lawyer; M. C. 1863-67; on XIVth Amend., VII. 429; introd. res. on equal manhood suffrage, VIII. 96.
BROUGH, JOHN (O.): b. 1811, d. 1865; editor, R. R. pres., "War Dem."; Gov., VI. 329.
BROUGHAM, HENRY, LORD, Brit. statesman: b. 1778, d. 1868; speech by, against slavery, quoted, VI. 157.
BROUSSARD, ROBT. F. (La.): b. 1864; lawyer and statistician; M. C. 1897—; on reciprocity with Canada, XII. 433; nom. in 1912 primary for Sen.
BROWN, ALBERT G. (Miss.): b. 1813, d. 1880; adm. bar 1834; M. C. 1839-41; gov. 1844-48; M. C. 1848-1853; Sen. 1853-61; on purchase of Cuba, III. 97; on John Brown affair, V. 205, 206, 212 *ss*; res. by, on slavery in Territories, V. 220; on secession, V. 309, 310; on preservation of the Union, V. 334 *ss*, 338, 339; on Conciliation Bill, V. 378, 379; in C. S. A.
BROWN, BENJ. GRATZ (Mo.): b. 1826, d. 1885; adm. bar 1851; Free-Soiler; editor; Sen. 1863-67; on equal male suf. bill, VIII. 16, 29,

30; elected gov. 1870; Lib. Rep. cand. for Vice-Pres. 1872.
BROWN, HENRY B. (Mich.): b. 1836; d. Sep. 4, 1913; adm. bar 1860; U. S. district judge 1875-90; assoc.-just. Sup. Ct. 1890-1906; vote by, on income tax, XII. 409.
BROWN, JASON B. (Ind.): b. 1839, d. 1898; adm. bar 1860; M. C. 1889-95; on silver purchase repeal, XIV. 294.
BROWN, JOHN (Kan.): b. 1800, d. 1859; his career, V. 187 *ss*; Cong. debate on his assault of Harper's Ferry, V. 195 *ss*, Pres. Buchanan on the assault, V. 215 *ss*; Abr. Lincoln on, V. 256, 258, 259; ref. to, IV. 334, V. 192; caricature of, V. 193.
BROWN, JOHN Y. (Ky.): b. 1835, d. 1904; lawyer; M. C. 1859-61; 1873-77; on civil rights, VIII. 223 *ss*; censured for attack on Cen. Butler, later, censure unanimously removed.
BROWN, NORRIS (Neb.): b. 1863; adm. bar 1883; Sen. 1907—; on income tax, XII. 411 *ss*, 415 *ss*.
BROWN, OWEN (Kan.): son of John B.; d. 1859; in attack on Harper's Ferry, V. 189, 190.
BROWNING, ORVILLE H. (Ill.): b. 1810, d. 1881; lawyer; founder Rep. party in Ill.; Sen. 1861-63; letter of Pres. Lincoln to, VI. 122, 123; reports compensated emancipation bill, VI. 189; Pres. Lincoln adopts suggestion of, in his First Inaugural, VI. 15; ref. to, XII. 113.
BRUMM, CHARLES N. (Pa.): b. 1838; in Union army; adm. bar 1871; judge; M. C. 1881-89; on national banks, XIII. 250 *ss*, 256, 257, 258, 259, 260, 261 *ss*, 267, 268 *ss*; on free coinage of silver, XIV. 184 *ss*; M. C. 1906-07.
BRYAN, WM. J. (Neb.): b. 1860; adm. bar 1883; ed. Omaha *World Herald* 1894-96; M. C. 1891-95; on Wilson tariff, XII. 309 *ss*; on repeal of silver purchase, XIV. 318 *ss*, 377, 379; Dem. cand. for Pres. 1896, ref. to, XIV. x; cand. in 1900, 323, 324; ed. *Commoner;* plan to curb trusts, XI. 87; *in re* gov't ownership, X. 430, 441; Dem. cand. for Pres. 1908; Sec. of State 1913—; introduction by, II. 1 *ss*; on income tax, ref. to, XII. 419, 422, 423; Repr. Clark on, III. 197; portrait, XIV. frontispiece; caricatures of, XI. 105, XIV. 325, 331, 339.
BRYANT, WILLIAM CULLEN (N. Y.): b. 1794, d. 1878; poet; ed. N. Y. *Evening Post;* introduces Lincoln at Cooper Union, V. 245, 246.
BRYCE, JAMES, Brit. statesman: b. 1839; practiced law 1867-1882; prof. civil law Oxford, 1870-93; M. P. 1880, 1885-1907; officer of adm. 1886, 1892; Sec. for Ireland 1905-07; amb. to U. S. 1907-13; author, among other books, of "The Amer. Commonwealth" (1888); on rules of the House, IX. 375.
BUCER, MARTIN, German Reformer: b. 1491, d. 1551; on polygamy, VIII. 457.
BUCHANAN, FRANK (Ill.): b. 1862; pres. Bridge and Structural Iron-Workers Union 1898-1905; M. C. 1911—; on Socialism, XI. 376.
BUCHANAN, JAMES (N. J.): b. 1839; lawyer; M. C. 1885-93; on ship subsidies, XI. 163.
BUCHANAN, JAMES (Pa.): b. 1791, d. 1868; adm. bar 1812; M. C. 1821-1831; supports State rights *in re* roads, X. 151-153; min. Russia 1831-3, negot. treaty 1832, II. 413; Sen. 1834-45; on Sub-Treasury, XIII. 157 *ss*; on Democratic congratulations of Tyler, XIII. 175; Sec. of State, 1845-1849; negotiates for settlement of Oregon boundary, II. 307; Sen. Clayton on, III. 329, 332 *ss*; Sen. Douglas on, III. 335; Sen. Morgan on, III. 355; on isthmian canal, quoted, II. 369, 370; min. to G. B. 1853-56; instructions to, III. 83, 84; nom. for Pres. 1856, IV. 370; elected, 372; Yancey *et al.* on election of, V. 242; on purchase of Cuba, III. 84, 85; attack on, by Seward, III. 97; his opinion of Brigham Young, VIII. 437; vetoes homestead law, X. 51; on slavery in Kansas, IV. 375; indorses Lecompton Constitution, V. 105, 106; signs Kansas bill, V. 108; Abr. Lincoln on, V. 110; charged with conspiracy, V. 138; on admission of new States, V. 154; offers reward for arrest of John Brown, V. 187; Jefferson Davis on, V. 204; message by, on John Brown affair, V. 215 *ss*; Sen. Douglas on, V. 229 *ss*; attitude of, toward secessionists, V. 279, 280, 282; asks opinion of Att.-Gen. Black on secession, V. 292; last annual message of, 293 *ss*; debated, 305 *ss*; Sen. Pugh on, V. 337; Sen. Hale on, V. 340; Sen. Wade on, V. 361; special message by, on preservation of the Union, V. 413, 414, 436, 439; Repr. Bingham on, VI. 271, 272; Sen. Wilson on, VI. 370; referred to, in debate on annex. of San Domingo, III. 24, 25, 40; caricatures of, IV. 321, 371; V. 265.
BUCKALEW, CHAS. R. (Pa.): b. 1821, d. 1899; adm. bar 1842; min. to Ecuador 1858-61; Sen. 1863-69; on Freedmen's Aid bill, VII. 169; on equal manhood suf., VIII. 31; on Pres. Johnson's third message, VIII. 80; supports a sixteenth amendment, VIII. 160; M. C. 1887-1891.
BUCKNER, AYLETT H. (Mo.): b. 1817, d. 1884; lawyer; del. to peace cong. 1861; M. C. 1873-84; on national banks, XIII. 236, 237; quoted, XIV. 150.
BUCKNER, SIMON B., GEN. (Ky.): b. 1823; graduate of West Pt. 1844; in Mex. War.; in C. S. A.; agreement of, recognizing neutrality of Ky., VI. 357; gov. 1887-91; cand. for Vice-Pres. on Gold Dem. ticket, 1896.
BUFORD, COLONEL (Ala.): pro-slavery leader in Kans., IV. 323, 324.
BULWER, HENRY L. E., SIR, Brit. diplomat: b. 1801, d. 1872; negotiates treaty with U. S., III. 327, 328.
BUNAU-VARILLA, Panaman envoy, caricature of, III. 431. See HAY, JOHN.
BURCH, JOHN C. (Cal.): b. 1826, d. 1885; lawyer; miner; M. C. 1859-61; presents minority report on conciliation, V. 439.
BURGESS, EDWIN (Wis.): first Amer. Single-Taxer; sketch of, X. 56; Letters on Taxation, 57 *ss*.
BURGOYNE, JOHN, LORD, Brit. gen.: b. 1722, d. 1792; defeat of, I. 209.
BURKE, ÆDANUS (S. C.): b. in Ireland 1743, d. 1802; in Rev.; lawyer; oppos. ratif. of Cons.; M. C. 1789-91; on petition against slave trade, IV. 13, 18, 19; wrote famous pamphlet against Soc. of Cinti.
BURKE, CHARLES H. (S. D.): b. 1861; adm. bar 1886; M. C. 1899—; supports railroad rate regulation, X. 438-439.
BURKE, EDMUND, Brit. statesman: b. Ireland 1729, d. 1797; founded *Annual Register;* agt. for N. Y. State 1771; M. P.; reprints pamphlet of Jefferson, I. 86; plan of reconciliation submitted by, I. 112; oration on "Conciliation with America," I. 113 *ss*; ref. to, XII. 62; on right to tax America, I. 148; on prevention of revolution, quoted, VI. 327; conducted prosec. of Hastings, 1786-1794; on impeachment of Hastings, quoted, VI. 411; on taxation, ref. to, XII. 321; letter to Canning on currency, quoted, XIII. 119; remarks on public debt, quoted, XIII. 450.
BURLAMAQUI, JEAN JACQUES (Switz.): b. 1694, d. 1748; intern. law jurist, frequently ref. to.
BURLINGAME, ANSON (Mass.): b. 1820, d. 1870; lawyer; Free-Soiler; "Know-Nothing"; Republican; M. C. 1855-61; on Sumner affair, IV. 358; challenges Brooks to duel, 368, 369; min. China 1861-67; negot. treaty 1868, suppl. to treaty of 1858, XI. 217; death of, ref. to, VIII. 452.
BURNETT, HENRY C. (Ky.): b. 1825, d. 1866; lawyer; M. C. 1855-61; votes against Crittenden resolution, VI. 102; expelled as secessionist; in Conf. Cong.
BURNS, ANTHONY, fugitive slave, case of, IV. 229.
BURNSIDE, AMBROSE E., GEN. (R. I.): b. 1824, d. 1881; grad. West Pt. 1847; gen. in Union army; arrest of Vallandigham by, VI. 318 *ss*; order of, for martial law, Sen. Powell on, VI. 342, 343.
BURR, AARON (N. Y.): b. 1756, d. 1836; in Rev.; adm. bar 1782; Sen. 1791-97; contest of, with Jefferson for presidency, IX. 401; duel with Hamilton 1804; plans exped. against Mex.; tried for treason 1806, acquitted.
BURRILL, JAMES (R. I.): b. 1772, d. 1820; adm. bar 1791; chief-jus. R. I.; Sen. 1817-20; on African slave trade, IV. 35 *ss*.
BURROWS, JOSEPH H. (Mo.): b. Eng. 1840; M. C. 1881-83; on national banks, XIII. 272.
BURROWS, JULIUS C. (Mich.): b. 1837; adm. bar 1861; M. C. 1873-5, 1879-83, 1885-95; on Mills tariff, XII. 235; on McKinley tariff, XII. 269; on Wilson tariff, XII. 291 *ss*; on silver purchase repeal, XIV. 365; Sen. 1895-11.
BURTON, THEODORE E. (O.): b. 1851; adm. bar 1875; M. C. 1889-91, 1895-09; on canal routes, III. 364 *ss*; supports railroad rate regulation, X. 435-37; Sen. 1909—; introd. on finance by, XIII. 1.
BUTE, LORD, JOHN STUART, Brit. statesman: b. 1713, d. 1792; premier 1762-63; caricature of, I. 29.
BUTLER, ANDREW P. (S. C.): b. 1796, d. 1857; adm. bar 1819; comm. cavalry in nullification trouble; judge; Sen. 1847-57; opposes Pacific R. R. subsidy, X. 176-9; on slavery, IV. 155, 156, 161, 162, 240, 304 *ss*; attack on, by Sen. Sumner, IV. 336 *ss*, 351, 352; defence of Brooks by, IV. 353 *ss*; on tariff of 1857, XII. 101, 102.
BUTLER, BENJ. F., GEN. (Mass.): b. 1818, d. 1893; adm. bar 1840; mem. com. on platform Dem. Nat. Conv. Charleston, S. C., 1860; mem. Breckinridge Conv. Balt. 1860; in Union army; refuses to give up fug. slaves, VI. 119, 120; letter by, on rations for slaves, cited, VI. 216; employment of negro soldiers by, VI. 233, 234; mil. gov. New Orl. 1861, represses insult to U. S.; removed by Gen. Grant 1865; resolutions of, at Citizen Soldiers' Convention 1866, VII. 457; M. C. 1867-75; on purchase of Alaska, II. 420 *ss*; on payment of interest in gold, XIII. 288 *ss*, 294 *ss*, 296 *ss*, 298, 299 *ss*, 313, 314 *ss*, 319, 320; on impeachment of Pres. Johnson, IX. 62, 86, 90, 92; reports 2nd Civil Rights bill, VIII. 203; attacked by John Y. Brown, VIII. 225; replies, 229 *ss*; caricatures of, VII. 313, IX. 60, 91, 93, XIII. 377.
BUTLER, MARION (N. C.): b. 1863; editor; mem. Farmers' Alliance; Populist; Sen. 1895-1901; advoc. rural free mail deliv.; on acquisition of territory, III. 281.
BUTLER, MATTHEW C. (S. C.): b. 1836, d. 1909; nephew of Sen. A. P. B.; adm. bar 1857; in C. S. A; Sen. 1877-1895; on "original package" bill, XI. 405.
BUTLER, PIERCE (S. C.): b. Ireland 1744, d. 1822; in Cons. Conv., I. 358, 359; Sen. 1789-96; 1802-04.
BUTLER, WILLIAM, GEN. (Ky.): b. 1791, d. 1880; in War of 1812; adm. bar 1817; M. C. 1839-43; in Mex. War; nominated for Vice-Presidency, by Democrats, II. 377, IV. 166; defeated, 167; mem. peace cong. 1861.
BUTTERWORTH, BENJAMIN (O.): b. 1837, d. 1898; adm. bar 1861; in Union army; M. C. 1879-83, 1885-91; com'r patents 1883-5; on national banks, XIII. 245.
BYNUM, WM. D. (Ind.): b. 1846; adm. bar 1869; M. C. 1885-95; on Mills tariff bill, XII. 235, 236; on Benj. Harrison's record on Chinese question, XI. 264; on free coinage of silver, XIV. 155 *ss*; on silver purchase repeal, XIV. 348, 362; organizer of National (gold) Democracy, 1896.
BYRD, ADAM M. (Miss.): b. 1859; teacher; lawyer; M. C. 1903-11; on income tax, XII. 425, 426.

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CABLE, JOSEPH (O.): M. C. 1849-53; favors homestead law, X. 12-18.

CABRAL, Dominican chieftain: ref. to, in debate on annex. San Dom., III. 21, 22, 28, 29.

CAFFERY, DONELSON (La.): b. 1835, d. 1906; adm. bar 1859; Sen. 1892-1901; on Philippines, cited, III. 286; on restriction of immigration, XI. 275; on Dingley tariff, XII. 352.

CALHOUN, JOHN C. (S. C.): b. 1781, d. 1850; adm. bar 1807; M. C. 1811-16; mem. com. foreign aff.; favors war with G. B., II. 183, 169 *ss*; upholds "offensive" war, 213 *ss*; Sec. of War 1817-25; on Monroe doctrine, cited, III. 333; Vice-Pres. 1825-31; in nullification agitation, V. 14, 15, 95, 102 *ss*, 307, V. 441; ref. to, VI. 266, 397; Sen. 1831-43; advocates protective tariff, XII. 21 *ss*, 24, 31 *ss*, 74; on tariff of, 1833, XII. 74; on Nat. bank, XIII. 51, 54 *ss*; on Pres. Jackson's removal of deposits, XIII. 99 *ss*; on sub-treasury bill, XIII. 128 *ss*; on slavery, IV. 124 *ss*, 139 *ss*, 161 *ss*, 195 *ss*, 249; on extension of Cons. to territories, IV. 172, 173, 175 *ss*, 180; Sec. State 1844, II. 307; Sen. 1845-50; on Oregon boundary, II. 304, 305, 307, 308, 310, 319 *ss*; concludes Texas annexation treaty, II. 334; on war with Mex., II. 345, 349, 373; death of, IV. 220, 221; Charles J. Ingersoll on, II. 338; Henry Clay on, IV. 252; Prof. Warfield on, V. 8, 10; Sen. Webster on, IV. 210, 211, V. 37, 99, 100; Sen. Seward on, V. 429, 434; Sen. Benton on, XII. 72; portrait, IV. 204; caricatures of, IV. 48, 161, V. 79; XIII. 139.

CALL, WILKINSON (Fla.): b. 1834, d. 1910; lawyer; C. S. A.; Sen. 1879-97; on isthmian canal, III. 350 *ss*, 355 *ss*; on Cuban indep., III. 105, 110 *ss*; on polygamy, VIII. 465 *ss*; attacks R. R. land grants, X. 254-256, 258-269; on restriction of immig., XI. 271, 272.

CAMBRELENG, CHURCHILL C. (N. Y.): b. 1786, d. 1862; merchant N. Y. City; M. C. 1821-39; on censure of J. Q. Adams, IV. 113; min. Rus. 1840-41.

CAMDEN, CHARLES PRATT, EARL OF, Eng, statesman: b. 1714, d. 1794; on right to tax Amer., I. 57, 58; advocates withdrawal of troops from Boston, I. 103.

CAMDEN, JOHNSON N. (W. Va.): b. 1828, d. 1908; adm. bar 1851; capitalist; Sen. 1881-87, 1893-95; *in re* railroad regulation, X. 336, 346.

CAMERON, J. DONALD (Pa.): b. 1833, banker, capitalist; Sec. War 1876-77; Sen. 1877-97; on Cuban independence, III. 105. 112.

CAMERON, SIMON (Pa.): b. 1799, d. 1889; printer, journalist, contractor, politician; supports Jackson for Pres.; Sen. 1845-49 as Dem., 1857-63, as Rep.; Sec. War 1861-62; orders fugitive slaves held, VI. 120; min. Rus. 1862; Sen. 1867-77; endorses Pres. Johnson's economy, VIII. 80; on XVth amend., VIII. 155; opposes extension of civil service, IX. 305; Repr. Voorhees on, VI. 312.

CAMP, W. A., m'g'r. N. Y. clearing house, *in re* free silver, XIV. 160.

CAMPBELL, GEORGE W. (Tenn.): b. 1768, d. 1848; M. C. 1803-09; Sen. 1811-18; on embargo, II. 131, 139, 140; on African slave trade, IV. 35, 37; Sec.-Treas. 1814; min. Rus. 1818-20.

CAMPBELL, JAMES H. (Pa.): b. 1820, d. 1895; adm. bar 1841; M. C. 1855-63; mem. com. on rebellious States; on conscription bill, VI. 282 *ss*, 289; attacked by Voorhees, VI. 308; min. Sweden 1864; min. Bogota 1866.

CAMPBELL, JOHN A. (Ala.): b. 1811, d. 1889; adm. bar 1831; app. Assoc. Just. Sup. Ct., 1853; on Dred Scott case, IV. 384; on coercion of States, VI. 52; mediator between North and South, VI. 53; prisoner of State 1865.

CAMPBELL, LEWIS D. (O.): b. 1811, d. 1882; adm. bar 1835; M. C. 1848-70; *in re* assault on Sen. Sumner, IV. 357; on polygamy, VIII. 408, 419, 428, 429; in Union army; min. Mexico 1865; M. C. 1871-73.

CAMPBELL, PHILIP P. (Kan.): b. 1862; lawyer; M. C. 1903—; on single tax, X. 105.

CAMPOS, MARTINEZ, Spanish general: in Cuban insurrection, III. 100.

CANBY, EDWARD R. S., GEN.: ref. to, VIII. 194.

CANNING, GEORGE, Eng. statesman: b. 1770, d. 1827; letter of, to Richard Rush, II. 233; cited on internat. law, II. 429, 430; on *Chesapeake* affair, quoted, II. 436.

CANNON, JOSEPH G. (Ill.): b. 1836; adm. bar 1858; state's att'y., Ill., 1861-68; M. C. 1873-91; Speaker H. R. 1903-11; *in re* free coinage of silver, XIV. 54, 69; on Chinese exclusion, XI. 268; on trusts and tariff, XII. 241, 242; on McKinley tariff, XII. 282, 284; on Wilson tariff, XII. 297; on Payne tariff, XII. 384; on new House rules, IX. 344; on ship subsidies, XI. 170; on Nicaragua Canal, III. 371, 372; on silver purchase repeal XIV. 351 *ss*; *in re* income tax, XII. 427; on Canadian reciprocity, ref. to, XII. 443; Repr. Sheppard on, XII. 388.

CAPOTE, DOMINGO, Vice-Pres. Cuba: Sen. Foraker on, III. 139.

CAREY, HENRY C.: b. 1793, d. 1879; economic theories of, ref. to, XII. 166, 173, 174.

CAREY, JOSEPH M. (Wyo.): b. 1845; adm. bar 1867; del. cong. 1885-91; *in re* woman suffrage, VIII. 347; Sen. 1891-95; gov. Wyo.; *in re* Chicago strike, X. 404 *ss*.

CARLISLE, JOHN G. (Ky.): b. 1835, d. 1910; adm. bar 1858; lt.-gov. Ky. 1871-75; M. C. 1877-90; Speaker H. R. 1883-89; on use of troops at the polls, IX. 136; on tariff commission, XII. 189 *ss*; on reduction of surplus, XII. 221, 222; on Mills tariff bill, XII. 254, 255; Sen. 1890-93; Sec.-Treas. 1893-97; ref. to, XIV. 313, 348 *ss*, 364.

CARLYLE, THOMAS: b. 1795, d. 1881; Scot. philos.; on negro, quoted, VIII. 12.

CARMACK, EDWARD W. (Tenn.): b. 1858, d. 1908; adm. bar 1879; journalist M. C. 1897-1901; on Dingley tariff, XII. 335, 336; Sen. 1901-07; on child labor, XI. 305.

CARNEGIE, ANDREW, Amer. capitalist: b. 1835; ref. to, X. 97; quoted, on land monopoly, X. 98.

CARROLL, CHARLES (Md.): b. 1737, d. 1832; signer Dec. Ind.; lays first rail of B. & O. R. R., X. 4.

CARTER, Mr., Haw. min. to U. S.: quoted, on reciprocity, III. 180, 181.

CARTER, THOS. H. (Mont.): b. 1854, d. 1911; lawyer; del. Cong. 1889-91; M. C. 1891-95; Sen. 1895-1901, 05-11; on pop. elec. of Sen., IX. 457.

CARUTH, ASHER G. (Ky.): b. 1844, d. 1907; lawyer; M. C. 1887-95; on powers of Speaker, IX. 387 *ss*.

CASGRAIN, T. CHASE (Can.): on reciprocity with U. S., XII. 452, 453.

CASS, LEWIS (Mich.): b. 1782, d. 1866; adm. bar 1803; marshal for O. 1807-13; in War of 1812 prom. brig.-gen.; civ. gov. Mich. Ter.; Sec. War 1831-36; min. France 1836-42; Sen. 1845-57; on Oregon boundary, II. 315, 321; on war with Mex., II. 347, 348; on slavery, IV. 134; V. 139, 144; on recog. of Louis Kossuth, II. 268; on sympathy with Ireland, II. 278 *ss*; on non-intervention in foreign affairs, II. 286, 288 *ss*; on Monroe doctrine, III. 334; nominated for Pres. (1848), IV. 166, defeated, 167; app. Sec. State, 1857; on foreign intervention, cited, III. 360, 361, 417; on internat. commerce, quoted, III. 434; resigns as Sec. State (1860), V. 280; John H. Clarke on, II. 287; Thomas Corwin on, II. 367, 368; Repr. Hitt on, III. 369; Andrew P. Butler on, IV. 354; Jeff. Davis on, V. 226; Sen. Douglas on, V. 228; portrait, II. 316; caricatures, II. 321, 347; IV. 167, 321.

CASSERLY, EUGENE (Cal.): b. 1822, d. 1883; lawyer; Sen. 1870-73; on Southern outrages, VIII. 165, 166, 167.

CASTELAR, EMILIO, Spanish premier: b. 1832, d. 1899; R. Q. Mills on, III. 119.

CASTLEREAGH, ROBERT STEWART, VISCOUNT, Brit. statesman: b. 1769, d. 1822; quoted on Oregon boundary dispute, II. 324.

CATCHINGS, THOMAS C. (Miss.): b. 1847; adm. bar 1866; M. C. 1885-1901; *in re* Chicago strike, X. 409-10.

CATRON, JOHN (Tenn.): b. 1778, d. 1865; state atty. sup. ct. Tenn. 1824; ch.-just. Tenn. 1830-36; Assoc. Jus. Sup. Ct. U. S. 1837-1865; on Dred Scott case, IV. 384, 385.

CERNUSCHI, HENRI, French economist, ref. to, XIV. 78, 168, 169, 170.

CERVERA, Y TOPETE-PASCUAL, Spanish admiral: b. 1833, ref. to, III. 190.

CHAMBERLAIN, GEORGE E. (Ore.): b. 1854; dist. atty.; atty.-gen.; gov. Ore. 1903-09; Sen. 1909—; on conservation, X. 124 *ss*.

CHAMBERS, EZEKIEL F. (Md.): b. 1788, d. 1867; adm. bar 1808; in war of 1812; Sen. 1825-34; on colonization of freedmen, IV. 100; just. ct. of app. Md. 1834-57.

CHAMBERS, JULIUS (N. Y.): b. 1850; journalist; gives epithet "Czar" to Speaker Reed, IX. 343.

CHANDLER, JOSEPH R. (Pa.): b. 1792; d. 1880; journalist; M. C. 1849-55; supports homestead law, X. 45 *ss*; min. Naples, 1858-61.

CHANDLER, WILLIAM E. (N. H.): b. 1835; adm. bar 1856; Asst. Sec. Treas. 1865-67; Sec. Navy 1882-85; Sen. 1887-1901; opposes pop. elect. Senators, IX. 421-430; on restriction of immigration, XI. 272.

CHANDLER, ZACHARIAH (Mich.): b. 1813, d. 1879; merchant; mayor Detroit, 1851; Sen. 1857-74; on annex. of San Dom., III. 34 *ss*; on John Brown affair, V. 214, 215; on Southern outrages, VIII. 178; attacks state R. R. monopolies, X. 203; Sec. Interior 1874-77; reël. Senate 1879; Sen. Thurman on, III. 43; Rep. mgr. in Pres. election 1876, IX. 102.

CHANLER, JOHN W. (N. Y.): b. 1826, d. 1877; lawyer, M. C. 1863-68; on impeachment of Pres. Johnson, IX. 65.

CHASE, SALMON P. (O.): b. 1808, d. 1873; adm. bar 1830; org. Liberty party, 1841; pres. Free-Soil conv. 1848; Sen. 1850-55; on Fugitive Slave Law, IV. 240 *ss*, 253, 254; on Kansas-Nebraska Bill, IV. 266, 267, 277 *ss*, 288, 309; on slavery question, quoted, IV. 305, V. 133, 139, 144, 145; gov. O. 1856-61; cand. for Rep. Pres. nom. (1860); Sec. Treas. 1861-64; *in re* "greenbacks," XIII. 186, 206; issues greenbacks, XIV. vii; proposes nat. banking system, XIII. 207 *ss*; *in re* gov't bonds, XIII. 282, 292, 293, 294; Ch. Just. Sup. Ct. 1864-73; presides at trial of Pres. Johnson (1868), IX. 90; cand. for Dem. Pres. nom., 1868, ref., III. 36.

CHASE, SAMUEL (Md.): b. 1741, d. 1811; lawyer; del. cont. cong., 1774-78; address to Americans by, I. 224 *ss*; sent on state mission to Eng. 1783; app. ch. just. gen. ct. Md. 1791; Assoc. Just. Sup. Ct. 1796-1805; on Confederation, I. 239. 240, 242, 243; impeachment of (1804), IX. 70, 75, 76, 524.

CHATHAM, WILLIAM PITT, EARL OF, British statesman: b. 1708, d. 1778; refuses to tax colonies, I. 13; on right to tax America, I. 40 *ss*; on supremacy of Parliament, I. 50; on Cont. Cong., I. 90, 102; on Dickinson's petition to king, I. 97; on removing troops from Boston, 100 *ss*; on conciliating America, I. 104 *ss*; on character of Franklin, I. 106; denounces American war, I. 209 *ss*, 217; on *habeas corpus*, quoted, VI. 79; on court decisions, quoted, VI. 411; on farmers, quoted, X. 42.

CHESNUT, JAMES, JR. (S. C.): b. 1815; Sen. 1859-61; on secession, V. 271, 272; C. S. A., brig.-gen. 1864.

CHEVES, LANGDON (S. C.): b. 1776, d. 1857; adm. bar 1797; M. C. 1809-15; Speaker H. R. 1814-15; advocates stronger navy, IX. 203-207; judge sup. ct. S. C. 1816; ch. com'n treaty of Ghent, 1822.

CHILD, LYDIA M. (Mass.), author: b. 1802, d. 1880; *in re* woman suf., VIII. 337.

CHILDS, ORVILLE W., Amer. eng'r, b. 1803, d. 1870; surveys Nicar. canal route, III. 347.

CHILTON, HORACE (Tex.): b. 1853; lawyer, Sen. 1891-92, 1895-1901; on Cuban independence, III. 112.

CHITTENDEN, SIMEON B. (N. Y.): b. 1814, d. 1889; merchant; M. C. 1873-81; on Hayes-Tilden contest, IX. 114-117.

CHITTY, JOSEPH, Eng. jurist: b. 1776, d. 1841; on bills of attainder, VI. 205.

CHOATE, RUFUS (Mass.): b. 1799, d. 1859; adm. bar 1823; M. C. 1831-34; Sen. 1841-45; on tariff bill of 1832, XII. 64 *ss*.

CHURCH, WILLIAM CONANT (N. Y.), editor: b. 1836; lt.-col. U. S. V.; on canteen, cited, XI. 432.

CLAIBORNE, NATHANIEL H. (Va.): b. 1767, d. 1859; M. C. 1825-37; on tariff of 1828, XII. 50, 51.

CLARENDON, GEORGE W. F. VILLIERS, EARL OF, Eng. statesman: b. 1800, d. 1870; concludes *Alabama* claims treaty, II. 427.

CLARK, CHAMP (Mo.): b. 1850; pres. Marshall coll. (W. Va.) 1873-74; adm. bar 1875, M. C. 1889-91, 1893-95, and 1897—; mem. Ways and Means; on free silver, XIV. 342; on annex. Hawaii, III. 187, 192 *ss*; on Nicaragua Canal, III. 362, 363; on Dingley tariff, XII. 344 *ss*; on Payne tariff, XII. 371, 373, 376 *ss*, 394 *ss*; on income tax, XII. 419 *ss*; on Canadian reciprocity, XII. 436, 437; on annex. of Canada, ref., XII. 449, 467; Speaker H. R. 1911—.

CLARK, DANIEL (N. H.): b. 1809, d. 1891; adm. bar 1837; Sen. 1857-66; pres. *pro tem.* 1864-65; on slavery, V. 221 *ss*, VI. 388 *ss*; on Crittenden resolutions, V. 434; *in re* emancipation, VI. 206; on confiscation bill, VI. 209; on civil rights, VIII. 387; app. U. S. dist. judge 1866.

CLARK, EDGAR E. (N. Y.): b. 1856; ent'd ry. ser. 1873; union leader; mem. coal strike comm'n, XI. 335; mem. Interstate Commerce Comm'n, 1906—.

CLARKE, JAMES P. (Ark.): b. 1854; adm. bar 1878; gov. Ark. 1895-97; Sen. 1903—; on homestead usurpation, X. 127.

CLARKE, JOHN H. (R. I.): b. 1789, d. 1870; adm. bar 1812; Sen. 1847-53; on non-intervention, II. 284 *ss*; *in re* ransoms for Amer. captives, III. 300; on slavery, IV. 148.

CLAY, ALEXANDER S. (Ga.): b. 1853, adm. bar 1877; Sen. 1897-1909; on ship subsidies, XI. 190.

CLAY, CASSIUS M. (Ky.): b. 1810, d. 1903; lawyer; in Mex. war; min. Rus. 1861-62 and 1863-69; *in re* Alaska purchase, II. 416.

CLAY, HENRY (Ky.): b. 1777, d. 1852; adm. bar 1797; app. Sen. 1806; Speaker Ky. legis. 1807; app. Sen. 1809; M. C. 1811-14; Speaker H. R. 1811-14; Ghent peace comm'r, 1814; M. C. 1823-25 (Speaker); on recognition of South Amer. republics, II. 220, 221; on war with G. B., II. 179, 197 *ss*; favors construction of navy, IX. 221; app. peace comm'r (1814), II. 217; reël. speaker 1815; on roads and canals, X. 147; on national bank, XIII. 43 *ss*, 59 *ss*; on tariff of 1832, XII. 59 *ss*, V. 75 *ss*; of 1833, XII. 70 *ss*; on tariff of 1816, XII. 24, 25; of 1824, XII. 36 *ss*; on censure of Gen. Jackson, VIII. 245 *ss*; *in re* Missouri compromise, IV. 44, 47, 48, 50, 52, 53, 77, 97; promotes colonization of freedmen IV. 99; on Monroe doctrine, III. 331, 332; cand. for Pres. 1824; Sec. of State, 1825-29; *in re* annex. of Tex., II. 340, 341; on northwest boundary dispute, quoted, II. 328; investigation of Panama canal route, III. 325; attack on, by John Randolph, II. 245 *ss*; duel with Randolph, II. 248; negotiates for purchase of Tex., II. 333-334; nom. for Pres. by Nat. Rep. party, 1831, XIII. 80; Sen. 1832-42; on nullification, V. 77; on U. S. bank, XIII. 80, 88 *ss*; on removal of bank deposits, XIII. 93 *ss*; and Calhoun *in re* U. S. bank, XIII. 99, 101; on Sub-Treasury bill, XIII. 148 *ss*; in Whig fight for national bank, XIII. 164 *ss*, 169, 170, 173; opposes annex. Tex., II. 335; Whig cand. for pres. 1844; Sen. 1849-52; Clay compromise resolutions of, on slavery, IV. 185, 191 *ss*; on Omnibus Bill, IV. 221 *ss*; on Fugitive Slave law, IV. 238, 239, 240, 252, 253; death of, IV. 258; quoted on slavery, IV. 291; signs Stephens manifesto on slavery, IV. 237, 329, 422-423; Hy. Watterson on, VI. 1, 2, 4 *ss*; Lincoln on, V. 136, 137, 142; Douglas on, V. 233 *ss*; Seward on, V. 429; portrait, XII. frontispiece; caricatures of, II. 335, IV. 48, 220, XII. 73, 79.

CLAY, JOSEPH (Pa.): b. 1769, d. 1811; business; in Rev.; M. C. 1803-08; resolution on embargo by, II. 115.

CLAYTON, AUGUSTINE S. (Ga.): b. 1783, d. 1839; lawyer; M. C. 1831-35; on tariff of 1832; V. 76, 77, XII. 67-68.

CLAYTON, BERTRAM T. (N. Y.): b. 1862; in Span. war; M. C. 1899-1901; on Littlefield anti-trust bill, XI. 90.

CLAYTON, HENRY D. (Ala.): b. 1857; lawyer; M. C. 1897-1911; on woman suffrage, VIII. 381 *ss*; on injunctions, XI. 343; on Payne tariff, XII. 397, 398.

CLAYTON, JOHN M.: b. 1796, d. 1856; adm. bar 1818; Del. legis. 1824; Sec. State Del. 1824; Sen. 1829-37; ch. just. Del. 1837-40; Sen. 1845-49; Sec. State 1849-50; Sen. 1851-56; opposes filibustering, III. 70, 71; on slavery in Cuba, III. 80 *ss*; on isthmian canal, III. 326; negotiates treaty with G. B., III. 327; on canal treaties, III. 328 *ss*, 339 *ss*; chmn. com. on ter. govt. Ore., IV. 145; on slavery in territories, IV. 136 *ss*; ref. to, by Lord Salisbury, III. 62.

CLEVELAND, GROVER (N. Y.): b. 1837, d. 1908; adm. bar 1859; mayor Buffalo 1882-83; gov. N. Y. 1883-85; for tariff reform, XII. 220; Pres. 1885-89; on tariff reduction, XII. 222 *ss*, 226 *ss*, 234, 235; on land frauds, X. 282; on Nicaragua canal treaty, III. 348, 349; on polygamy, VIII. 471; on private pension bills, IX. 272; *in re* Mills bill, XII. 260; *in re* Silver Purchase Act, ref., XIV. 196; reëlection of, XII. 285; Pres. 1893-97; refuses to sign Wilson tariff bill, XII. 326; on Venezuela boundary dispute, III. 47 *ss*; on Cuban insurrection, III. 101 *ss*; on reduction of surplus, XII. 339; on repeal of silver purchase, XIV. 285, 326, 363, 401; *in re* Pacific R. R. subsidy, X. 287-288; *in re* Chicago strike, X. 384, 402 *ss*; vetoes immigration restriction bill, XI. 283; forest reserves created by, X. 114; Repr. Sulzer on, III. 210; Sen. Cullom on, III. 106; Sen. Hoar on, III. 240, 241; Sen. Mason on, III. 275; portrait of, XII. 222; caricatures of, IX. 341, XII. 223, 303; XIV. 285.

CLINE, CYRUS (Ind.): b. 1856; adm. bar, 1884; M. C. 1909—; on Socialism, XI. 378.

CLINGMAN, THOMAS L. (N. C.): b. 1812, d. 1897; M. C. 1843-47, 1849-58; favors forcible annex. of Cuba, III. 77; on Wilmot Proviso, IV. 182; on secession, V. 305 *ss*; on President Lincoln's inaugural, VI. 25; on expulsion of Sen. Wigfall, VI. 37; in C. S. A., scientist, explorer.

CLINTON, DE WITT (N. Y.): b. 1769, d. 1828; adm. bar 1788; Sen. 1802; mayor N. Y. City 1807-15; lieut.-gov. N. Y. 1811-13; gov. N. Y. 1817-22; 1825-28; on conquest of Louisiana, II. 95 *ss*; advocate of canals, X. 3; Josiah Quincy 3rd on, II. 195.

CLINTON, GEORGE (N. Y.): b. 1739, d. 1812; lawyer, brig.-gen. Cont. army, 1777; gov. N. Y. 1777-95, 1801-04; V.-Pres. 1804-12; letter by Yates and Lansing to, I. 348, 349; against National Bank charter, XIII. 36.

CLINTON, HENRY, SIR, Eng. gen.: b. 1738, d. 1795; on employment of negro soldiers, VI. 231, 232.

COBB, HOWELL (Ga.): b. 1815, d. 1868; adm. bar 1836; M. C. 1843-51; on Oregon boundary, II. 328, 329; on com. to investigate Sumner affair, IV. 357; cand. for Speaker, IV. 180 *ss*; Speaker 1849-51; on Mo. Compromise, quoted, IV. 51; gov. Ga. 1851-53; Sec.-Treas. 1857; resigns, V. 280; C. S. A.

COBB, JAMES E. (Ala.): b. 1835, d. 1903; lawyer; in C. S. A.; M. C. 1887-96; on Maritime Canal Co., III. 349.

COBB, THOMAS R. (Ind.): b. 1828, d. 1892; lawyer; M. C. 1877-87; on national banks, XIII. 235.

COBB, THOMAS W. (Ga.): b. 1784, d. 1830; M. C. 1817-21, 1823-24; Sen. 1824-28; on censure of General Jackson, VIII. 239 *ss*.

COBB, WILLIAMSON R. W. (Ala.): b. 1807, d. 1864; M. C. 1847-61; on polygamy, VIII. 406.

COBDEN, RICHARD, Eng. statesman: b. 1804, d. 1865; quoted on *Alabama* controversy, II. 436 *ss*.

COCKBURN, ALEXANDER J. E., SIR, Eng. statesman: b. 1802, d. 1880; mem. Geneva Commission, II. 444.

COCHRAN, JOHN (N. Y.): b. 1813, d. 1898; adm. bar 1834; M. C. 1857-61; favors Mo. Compromise, V. 437; Union army; cand. V. Pres. 1864; atty-gen. N. Y. 1863-65; on Citizen Soldiers' conv., VII. 458.

COCKRAN, W. BOURKE (N. Y.): b. 1854; adm. bar 1876; M. C. 1887-89, 1891-95, 1905-09; supports railroad rate regulation, X. 465-477, 482-83; on Wilson tariff, XIX. 306 *ss*, 312 *ss*; on income tax, XII. 407, 408; on silver purchase repeal, XIV. 372 *ss*, 377, 378, 379 *ss*; portrait, XIV. 372.

COKE, EDWARD, SIR, Eng. jurist: b. 1552, d. 1633; cited, VI. 205.

COKE, RICHARD (Tex.): b. 1829, d. 1897; lawyer; in C. S. A.; judge Va. sup. ct.; gov. Tex. 1874-77; Sen. 1877-95; advocates Colorado land purchase, VIII. 289, 312; on Indian policy, VIII. 289; on railroad regulation, X. 373-77; amends Sherman act, XI. 67; on silver purchase, XIV. 253 *ss*.

COLCOCK, WILLIAM F. (S. C.): b. 1804, d. 1889; lawyer; M. C. 1849-53; on slavery, IV. 181.

COLLAMER, JACOB (Vt.): b. 1791, d. 1865; adm. bar 1813; just. Vt. sup. ct. 1833-42, 1850-54; M. C. 1843-49; P. M.-Gen. 1849-50; Sen. 1855-65; on slavery, quoted, V. 379; on war-making power, VI. 105 *ss*, 118; on fugitive slave bill, VI. 124; on tariff of 1857, XII. 93 *ss*.

COLER, BIRD S. (N. Y.): b. 1867; banker; comptroller N. Y. city 1897; pres. Brooklyn Boro', 1909; plan to curb trusts, XI. 90.

COLFAX, SCHUYLER (Ind.): b. 1823, d. 1885; ed. *St. Joseph Valley Register*; M. C. 1855-69; elected Speaker H. R. (1863), VIII. 72; nom. V.-Pres., VIII. 86; V.-Pres. 1869-73; on annex. of San Dom., III. 35; on civil rights bill, VII. 410; caricature of, VIII. 94.

COMINS, LINUS B. (Mass.): b. 1817, d. 1892; M. C. 1855-59; *in re* assault on Sumner, IV. 367, 368.

COMTÉ, AUGUSTE, French philosopher: b. 1798, d. 1857; ref., XIV. 89.

CONGER, EDWIN H. (Ia.): b. 1843, d. 1907; in Union army; M. C. 1885-91; on Jones silver purchase bill, XIV. 272; min. Brazil, 1890-93.

CONGER, OMAR D. (Mich.): b. 1818, d. 1898; adm. bar 1848; M. C. 1869-83; Sen. 1881-87; on ship subsidies, XI. 135; on convict labor, quoted, XII. 160.

CONKLING, ROSCOE (N. Y.): b. 1829, d. 1888; adm. bar 1850; M. C. 1859-63; 1865-67; mem. com. on compensation, VII. 307; on compensated emancipation, VI. 166; *in re* XIVth Amendment, VII. 413; Sen. 1867-81; on annex. of San Domingo, III. 37 *ss*; on XVth Amendment, VIII. 158; on income tax, XII. 404-405; on legal tender of silver, XIV. 65-66.

CONNESS, JOHN (Cal.): b. 1821, d. 1909; "forty-niner" cand. gov. Cal. 1861; Sen. 1863-69; on reduction of currency, XIII. 349.

CONWAY, HENRY SEYMOUR, Brit. gen.: opposes Stamp Act, I. 18; on supremacy of Parliament, I. 49-50; moves for repeal of Stamp Act, I. 56; on the American war, I. 226, 227.

COOK, BURTON C. (Ill).: b. 1819, d. 1894; adm. bar, 1840; M. C. 1865-71; on impeachment of Pres. Johnson, IX. 86; advocates government railroad, X. 242-247.

COOKE, JAY (Pa.), financier: b. 1821, d. 1905; ref. to, XIII. 277, 281, 291, 302, XIV. 175.

COOLEY, THOMAS M. (Mich.), jurist: b. 1824, d. 1898; on pooling by railroads, quoted, X. 362. 364.

COOPER, HENRY A. (Wis.): b. 1850; lawyer; M. C. 1893—; advocates railroad rate regulation, X. 430.

COOPER, JAMES (Pa.): b. 1810, d. 1863; adm. bar 1834; M. C. 1839-43; atty.-gen. Pa., 1848; Sen. 1849-55; opposes Pacific R. R. subsidy, X. 164-165, 180, 181; in Union army.

COOPER, PETER (N. Y.), philanthropist: b. 1791, d. 1883; organizes Freedman's Savings and Trust Co., VII. 169; ref. to, XII. 171, XIII. 273.

CORBETT, HENRY W. (Ore.): b. 1827, d. 1903; banker; Sen. 1867-73; on excluding Chinese from suffrage, VIII. 130, 154; on reduction of currency, XIII. 341.

CORLISS, JOHN B. (Mich.): b. 1851; adm. bar 1875; M. C. 1895-1903; on Nicaragua canal, III. 368; on restriction of immigration, XI. 280.

CORNWALLIS, CHARLES, MARQUIS, Brit. gen.: b. 1738, d. 1805; surrender of, I. 226; solicits slaves as soldiers, VI. 232.

CORWIN, THOMAS (O.): b. 1794, d. 1865; adm. bar 1818; M. C. 1831-40; gov. O. 1841-43; Sen. 1845-50; M. C. 1859-61; on war with Mexico, II. 366 *ss*; on slavery, IV. 151 *ss*; min. Mex. 1861; chmn. Conciliation com. (1861), V. 436; offers const. amendment limiting slavery, V. 439.

COVODE, JOHN (Pa.): b. 1808, d. 1871; mfr., capitalist; M. C. 1855-63; 1869-71; moves to impeach Johnson, IX. 78; ref., VI. 312.

COWAN, EDGAR (Pa.): b. 1815, d. 1885; adm. bar 1842; Sen. 1861-67; on bill for punishment of treason, VI. 191 *ss*; on civil rights, VII. 309. 377, 379, 403; *in re* XIVth Amendment, VII. 450; on equal suffrage, VIII. 26; on executive removal, IX. 33 *ss*, 36.

COWLES, WILLIAM H. H. (N. C.): M. C. 1885-93; on internal revenue, XII. 244; on McKinley tariff, XII. 284.

COX, JACOB D. (O.): b. 1828, d. 1900; adm. bar 1853; maj.-gen. Union army; chmn. Citizen Soldiers' conv., VII. 457; gov. O. 1866-67; Sec. Int. 1869-70; R. R. pres.; M. C. 1877-79; on civil service reform, IX. 293; on legal tender of silver, XIV. 69.

COX, NICHOLAS N. (Tenn.): b. 1837; adm. bar 1858; C. S. A.; M. C. 1891-1901; on silver purchase repeal, XIV. 300.

COX, SAMUEL S. (O.): b. 1824, d. 1889; lawyer; ed. *Ohio Statesman*; M. C. 1857-65 (from O.); 1871-89 (from N. Y.); on slavery in territories, VI. 188, 189; on punishment of treason, VI. 207; on employment of negro soldiers, VI. 239, 240; on conscription bill, VI. 289, 307; on reconstruction, VII. 244; on ship subsidies, XI. 128; on Wood tariff, XII. 173; on tariff commission, XII. 203 *ss*; on Mills tariff, XII. 245; on specie resumption, XIII. 418; moves to appoint monetary commission, XIV. 70; min. Turkey 1885.

COXEY, JACOB, "GENERAL": champion of labor, X. 382.

CRAGIN, AARON H. (N. H.): b. 1821, d. 1898; adm. bar 1847; M. C. 1855-59; Sen. 1865-77; on manhood suffrage, VIII. 96.

CRAMP, CHARLES H. (Pa.), shipbuilder: b. 1828; *in re* ship subsidies, XI. 145, 195.

CRANE, WALTER: English artist; cartoon by, XI. 381.

CRAPO, WILLIAM W. (Mass.): b. 1830; lawyer; capitalist; M. C. 1875-83; on national banks, XIII. 233, 260, 267, 275.

CRAWFORD, MARTIN J. (Ga.): b. 1820, d. 1883; lawyer; M. C. 1855-61; on Confederate Peace Commn., VI. 51 *ss*; in C. S. A.; just. sup. ct. Ga. 1880.

CRAWFORD, WILLIAM H. (Ga.): b. 1772, d. 1834; adm. bar 1799; Sen. 1807-13; on constitutionality of national bank, XIII. 37; min. France, 1813-16; Sec. Treas. 1816-24; cand. Pres. 1824; circuit judge, 1824-34.

CRESWELL, JOHN A. J. (Md.): b. 1828; d. 1891; adm. bar 1850; M. C. 1863-65; Sen. 1865-67; at Southern Loyalists' conv. VII. 455; P.M.-Gen. 1869-74.

CRISFIELD, JOHN W. (Md.): b. 1808, d. 1897; adm. bar 1830; M. C. 1847-49, 1861-63; reports slavery conference with Pres. Lincoln, VI. 165, 166; on slavery in Terr., VI. 189.

CRISP, CHARLES F. (Ga.): b. Eng. 1845, d. 1896; adm. bar 1866; judge sup. ct. 1877-81; M. C. 1883-96; *in re* railroad regulation, X. 357; on Wilson tariff, XII. 317 *ss*; on McKinley tariff, XII. 271, 272.

CRITTENDEN, JOHN J. (Ky.): b. 1787, d. 1863; lawyer; Sen. 1817-19; on Oregon boundary, II. 313, 314; on powers of Congress, II. 337; on war with Mexico, II. 348, 349; *in re* Lecompton constitution, V. 107; on John Brown affair, V. 204; on secession, V. 307; on slavery compromise, V. 365 *ss*, 405 *ss*; on Peace Conference, V. 436; opposes secession, VI. 102; on compensated emancipation, VI. 176 *ss*; on employment of negro soldiers, VI. 234 *ss*; Douglas on, V. 233 *ss*; John P. Hale on, V. 367-368; Thaddeus Stevens on, VI. 242, 243; portrait, VI. 102.

CRUGER, JOHN (N. Y.): b. 1710, d. 1792; colonial mayor N. Y. City 1756-65; drafts declaration of Stamp Act Cong., I. 26.

CULLOM, SHELBY M. (Ill.): b. 1829, d. 1913; adm. bar 1855; M. C. 1865-71; gov. Ill. 1876-83; Sen. 1883-1913; on relations with Cuba, III. 105 *ss*; on Panama Canal, III. 409 *ss*; on polygamy, VIII. 439; 440 *ss*; on interstate commerce commission, X. 322.

CUMMINGS, AMOS J., b. 1842, d. 1902; in Union army; polit. ed. N. Y. *Tribune*; M. C. 1887-1903; on powers of Speaker, IX. 384; vote on Pac. R. Rs. funding bill, X. 320; on ship subsidies, XI. 181; on McKinley tariff, XII. 279.

CURTIN, ANDREW G. (Pa.): b. 1815, d. 1894; adm. bar 1839; gov. Pa. 1861-65; welcome of, to Lincoln, VI. 14; calls conference of governors, VI. 219; min. Rus. 1869-72; M. C. 1881-87.

CURTIS, BENJAMIN R. (Mass.): b. 1809, d. 1874; adm. bar 1832; Ass. Just. Sup. Ct. 1851-57; opinion of, in Dred Scott case, IV. 386 *ss*; on territorial acquisition, cited, III. 249; counsel for Pres. Johnson, IX. 92.

CURTIS, GEORGE TICKNOR (Mass.): b. 1812, d. 1894; adm. bar 1836; on Constitution, quoted, I. 271.

CUSHING, CALEB (Mass.): b. 1800, d. 1879; lawyer; M. C. 1835-43; on right of petition, 108, 115 *ss*, 117-118; denounced by Repr. Davis, XIII. 180-182; comr. China; in Mex. war; Atty.-Gen. 1853-57; on *Alabama* claims, II. 445; chmn. Dem. conv. (1860), V. 241, 264; chmn. "secession" conv., 266; Fed. emissary to S. C., V. 280; min. Spain, 1874-77.

CUSHING, THOMAS (Mass.): b. 1725, d. 1788; Speaker Mass. assembly, 1766-74; Mem. Cont. Cong. 1774-75; on intercolonial com., I. 85.

CUSHMAN, FRANCIS W. (Wash.): b. 1867, d. 1909; lawyer; M. C. 1899-1909; on Payne tariff, XII. 385, 386.

CUVIER, GEORGES CHRETIEN L. F. D. BARON, French naturalist: b. 1769, d. 1832; on negro, VIII. 12.

D

DAHLE, HERMAN P. (Wis.): b. 1855; merchant; M. C. 1899-1903; on pure food bill, XI. 457.

DALLAS, GEORGE M. (Pa.): b. 1792, d. 1864; lawyer; mayor of Phila.; Sen. 1831-33; on renewal of charter of U. S. bank, XIII. 81; min. Rus., elected Vice-Pres., II. 335, 336; gave casting vote for Tariff of 1846; min. G. B. 1856-61; negotiates Dallas-Clarendon treaty, III. 346.

DALRYMPLE, cartoons by, XII. 277, XIV. 153.

DALZELL, JOHN (Pa.): b. 1845; adm. bar 1867; corp. lawyer; M. C. 1887----; on Ways and Means; in debate on Wilson tariff, XII. 296; on Dingley tariff, XII. 347, 348; on Payne tariff, XII. 391; on recip. with Canada, XII. 432, 433, 445 *ss*; on Littlefield anti-trust bill, XI. 76.

DAMON, SAML. M. (Hawaii): b. 1845; banker; min. finance Haw. Rep.; Sen. Hoar on, III. 242.

DANA, SAMUEL W. (Ct.): b. 1760, d. 1830; lawyer; M. C. 1797-1810; Sen. 1810-20; on relations with France, II. 75; on sedition law, VII. 66.

DANE, NATHAN (Mass.): b. 1752, d. 1835; adm. bar 1782; M. C. 1785-87; drafted anti-slavery article in Ordn. of 1787; on State rights, X. 220; quoted on impeachment, IX. 70.

DANIEL, JOHN W. (Va.): b. 1842, d. 1910; in C. S. A.; lawyer; M. C. 1887; Sen. 1887-1910; on silver purchase, XIV. 264, 273; *in re* Chicago strike, X. 402-404, 406-407; on recog. of Cuban indep., III. 135, 158 *ss*; on annex. of Philippines, III. 318 *ss*; on Panama rev. (quoted), III. 433.

DANIEL, PETER V. (Va.): b. 1784, d. 1860; lawyer; mem. privy council Va.; circuit judge; assoc. jus. Sup. Ct. 1841-60; on Dred Scott case, IV. 384.

DANIELS, WINTHROP M. (N. J.): b. 1867; prof. pol. econ. in Princeton; joint ed. "Amer. Politics." I. xxvi.

DARLING, JOSEPH F. (N. Y.): lawyer; *in re* Burgess' Letters on Taxation, X. 87.

DARLINGTON, WILLIAM (Pa.): b. 1782, d. 1863; physician; in War of 1812; M. C. 1819-23; on Mo. Comp., IV. 92, 93.

DARTMOUTH, LORD (Eng.): on conciliation with America, I. 106.

DAVENPORT, HOMER C. (N. Y.): b. 1867, d. 1912; cartoon by, XI. 21; ref. to, I. xxxi.

DAVEY, ROBERT C. (La.): b. 1853, d. 1908; judge; M. C. 1897-1908; on child labor, quoted, XI. 311.

DAVIE, WM. R. (N. C.): b. Eng. 1759, d. 1820; lawyer; in Rev.; mem. N. C. conv. on Const.; founder Univ. of N. C.; gov. 1799; on embassy to France, II. 86.

DAVIS, CUSHMAN K. (Minn.): b. 1838, d. 1900; lawyer; in Union army; gov. 1873-74; Sen. 1887-1900; chm. com. on pensions; explains his depend. pens. bill, IX.

274; *in re* Chicago strike, X. 393; mem. com. for. rel. 1895-1900; resol. by, recog. Cuban indep., III. 134, 164; on Nicaragua Canal, cited, III. 398; moves resol. to annex Hawaii; comm'r on treaty of Paris, Dec. 10, 1898.

DAVIS, GARRETT (Ky.): b. 1801, d. 1872; adm. bar 1823; M. C. 1839-47; denounces Caleb Cushing for his defence of Tyler, XIII. 180; Sen. 1861-73; on abol. of slavery in D. C., VI. 132 *ss*, 143, 144; vote by, on compensated emancipation bill, 188; amendments by, to bill to emancip. slaves, VI. 206; on abolition of slavery, VI. 375 *ss*, 396, 400; vote by, on XIIIth Amend., VI. 413; on Freedmen's Aid bill, VII. 173, 180; on civil rights, VII. 386, 387, 397; on equal male suffrage, VIII. 10 *ss*, 30, 99; on military reconstruction, VIII. 57; on XVth Amend., VIII. 138, 149, 150, 151; on annex. San Domingo, III. 12, 13.

DAVIS, HENRY WINTER (Md.): b. 1817, d. 1865; lawyer; "Know-Nothing"; M. C. 1855-61; became Rep. in 1859; resolution by, on fug. slave law, V. 439; M. C. 1863-65; his resolution on reconstruction, VII. 202; protests against President Lincoln's plan of reconstruction, VII. 263.

DAVIS, JEFFERSON (Miss.): b. 1808, d. 1889; grad. West Pt. 1828; planter; M. C. 1845-46; on Ore. boundary, II. 331, 332; in Mex. War; Sen. 1847-51; on slavery, IV. 191, 192, 194, 195; on preservation of the Union, IV. 254, 255; defeated in gubernatorial election, IV. 256; Sec. War. 1853-57; opposes forcible annex. of Cuba, III. 77; orders by, to officers at Leavenworth, Kan., IV. 323; Sen. 1857-61; res. by, on slavery in Territories, V. 219, 220; on pop. sovereignty, V. 226 *ss*; on last annual message of Pres. Buchanan, V. 293; on preservation of the Union, V. 325 *ss*, 344; on Crittenden compromise plan, cited, V. 408; on message of Pres. Buchanan on conciliation, V. 414 *ss*; farewell to Senate by, V. 440 *ss*; elected Pres. of Confed., V. 284; inaugural, 285 *ss*; name stricken from Senate roll, VI. 37; order by, on employment of negro soldiers, VI. 234; war proc. by, VI. 57; cited, VI. 172; message by, on prosecut. the war, VI. 249, 250; proc. by, for conscription, VI. 315; communication from, to Pres. Lincoln, VI. 335; surrender of, VI. 210; portrait, VI. 250; caricatures of, V. 193, 273, 286, 289; VI. 58, 228, 248; VII. 271.

DAVIS, JOHN (Mass.): b. 1787, d. 1854; lawyer; M. C. 1824-34; on tariff of 1833, XII. 70, 71; gov. 1834; Sen. 1835-41; gov. 1842; Sen. 1845-51; favors Pacific R. R. subsidy, X. 166.

DAVIS, JOHN C. BANCROFT (Mass.): son of John D.; Ass't Sec. State and min. to Germany under Grant; reporter U. S. court of claims 1877; reporter Sup. Ct. 1882; in controversy over *Alabama* claims, II. 445.

DAVIS, JOHN W. (W. Va.): M. C. 1911—; on woman suf., VIII. 387.

DAVIS, REUBEN (Miss.): b. 1813, d. 1890; physician, lawyer; judge of court of appeals 1842; in Mex. War; M. C. 1857-61; does not vote on resol. for conciliation, V. 438; in C. S. A.

DAVIS, THOMAS (R. I.): b. Ire. 1806, d. 1895; M. C. 1853-55; on polygamy, VIII. 405, 422.

DAVIS, THOMAS T. (Ky.): M. C. 1797-1803; on the tenure of office of judges, IX. 512.

DAVIS, WM. M. (Pa.): M. C. 1861-63; in debate on conscription bill, VI. 282.

DAWES, HENRY L. (Mass.): b. 1816, d. 1903; edit. and law.; M. C. 1857-75; Sen. 1875-93; on XIVth Amend., VII. 441; on military reconstruction, VIII. 48; on our Indian policy, VIII. 302, 304, 305 *ss*; on "original package" bill, XI. 414; quoted in debate on annex. of Hawaii, III. 239.

DAWSON, JOHN L. (Pa.): b. 1813, d. 1870; adm. bar 1835; M. C. 1851-55, 1863-67; favors homestead law, X. 10-12.

DAWSON, WILLIAM C. (Ga.): b. 1798, d. 1856; adm. bar 1818; M. C. 1837-42; judge 1845-49; Sen. 1849-55; on recognition of Louis Kossuth, II. 267; opposes Pacific Railroad subsidy, X. 167.

DAYTON, JONATHAN (N. J.): b. 1760, d. 1824; in Rev.; lawyer; in Cons. Conv., I. 355; Lincoln on, V. 250; ref. to, X. 236; M. C. 1791-99; Speaker; on peace resolutions, II. 71; on deportation of aliens, VII, 43, 67; Sen. 1799-1804.

DAYTON, WILLIAM L. (N. J.): b. 1807, d. 1864; adm. bar 1830; Sen. 1842-51; on Oregon boundary, II. 315 *ss*; on slavery, IV. 160; nom. for Vice-Pres. 1856, IV. 370 *ss*; min. to France 1861.

DEAN, GILBERT (N. Y.): b. 1819, d. 1870; adm. bar 1844; M. C. 1851-54; on the Koszta affair, VII. 123, 125; just. sup. ct. N. Y.

DEARBORN, HENRY (Mass.): b. 1751, d. 1829; in Rev.; M. C. 1793-97; on treaty with Gt. Brit., II. 50, 51; Sec. War 1801-09; in War of 1812; min. to Portugal, 1822-24.

DE ARMOND, DAVID A. (Mo.): b. 1844, d. 1910; M. C. 1891-1910; on Littlefield anti-trust bill, XI. 94.

DEBS, EUGENE V. (Ind.): b. 1855; sec. and treas. Brotherhood Loco. Firemen 1880-93; pres. Amer. Ry. Union 1893-97; *in re* Chicago strike, X. 384, 385, 395, 396, 399; 472, 473; Socialist cand. for Pres., XI. 353.

DELANO, COLUMBUS (O.): b. 1809, d. 1896; adm. bar 1831; M. C. 1845-47; on war with Mexico, II. 359, 360; commis.-gen. Ohio 1861; M. C. 1865-69; com'r inter. rev. 1869; caricature of, XII. 405; Sec. Inter. 1870-75.

DE LEON, DANIEL, Socialist, leader in Soc. Labor Party, XI. 351.

DEMING, HENRY C. (Ct.): b. 1815, d. 1872; lawyer; in Union army; M. C. 1863-67; on reconstruction, VII. 345, 357.

DENBY, CHARLES (Ind.): b. 1830, d. 1904; adm. bar 1855; in Union army; min. China 1885-98; on com. to inves. Philippines, III. 322, 323.

DENNISON, WM. (O.): b. 1815, d. 1882; adm. bar 1840; gov. 1860-62; refusal by, to deliver fug. slave upon requisition, discussed, V. 343, 344; P.-M. Gen. 1864-66; his position on reconstruction, VII. 272.

DEPEW, CHAUNCEY M. (N. Y.): b. 1834; adm. bar 1858; atty. for R. Rs.; Sen. 1899-1911; on ship subsidies, XI. 208; on pop. elec. of Senators, IX. 403.

DERBY, CHARLES ("John Phœnix"), Amer. humorist, ref. to, XIII. 396.

DERBY, EARL OF, EDW. G. S. STANLEY: b. 1799, d. 1869; Brit. for. sec.; *in re Ala.* claims, II. 426, 427; prime min.

DEWEY, CHESTER P., journalist: description by, of Lincoln-Douglas debate, V. 121 *ss*.

DEWEY, GEORGE (Vt.): b. 1837; in Union navy; commodore 1896; destroys Spanish fleet 1898, III. 171, 175, 194, 209, 211 *ss*, 246; aids Aguinaldo, 247, 297; on Philippines, cited, III. 272; rear-admiral, 1898; on comm'n to invest. Philippines, III. 322, 323; on fortification of isthmian canal, quoted, III. 366; Repr. Mann on, III. 375.

DEXTER, SAMUEL (Mass.): b. 1761, d. 1816; adm. bar 1784; M. C. 1793-95; on naturalization, VII. 14, 16, 18; on land tax, XII. 20; Sen. 1799-1800; Sec. War 1800-01.

DICKINSON, JOHN (Pa.): b. 1732, d. 1808; lawyer; mem. Pa. assembly 1762-70; defends proprietary governors against Benj. Franklin and Joseph Galloway; pub. "The Late Regulations Respecting the Colonies" 1765; mem. Stamp Act Cong. 1765; his "Letters of a Pa. Farmer," I. 65; on reconciliation with Gt. Brit., I. 86; mem. 1st Cont. Cong. 1774; draws petition to king, I. 94 *ss*; mem. 2nd Cont. Cong. 1775; draws petition to king, I. 165; draws decl. to world, I. 169, 170; opposed Decl. of Indep., I. 187 *ss*, 193, 198; in Rev.; M. C. from Del. 1779; prepares report on finance; in Cons. Conv., I. 357; his "Letters of Fabius" in defence of Constitution, I. 379 *ss*.

DINGLEY, NELSON, JR. (Me.): b. 1832, d. 1899; ed. Lewiston *Journal*; gov. 1875-76; M. C. 1881-99; on ship subsidies, XI. 152; on Benj. Harrison's record on Chinese question, XI. 267; on Mills tariff, XII. 238 *ss*; on McKinley tariff, XII. 277 *ss*; on Wilson tariff, XII. 300, 307; tariff bill by, XII. 327 *ss*; on bill, 327 *ss*, 357, 358.

DINSMORE, HUGH A. (Ark.): b. 1850; adm. bar 1875; min. Korea 1887-90; M. C. 1893-1905; on recognition of Cuban ind., III. 165, 166; on annex. of Hawaii, III. 172, 184 *ss*.

DISNEY, DAVID T. (O.): b. 1803, d. 1857; lawyer; M. C. 1849-55; on the Koszta affair, VII. 128; on polygamy, VIII. 411.

DIVEN, ALEX. S. (N. Y.): b. 1809, d. 1896; adm. bar 1832; M. C. 1861-62; on compensated emancipation of slaves, VI. 172 *ss*; on employment of slaves as soldiers, VI. 245; in Union army 1862-65.

DIX, JOHN ADAMS (N. Y.): b. 1798, d. 1879; in War of 1812; adm. bar 1820; mem. of "Albany regency"; Dem. Sen. 1845-49; on fugitive slaves, IV. 158; Free Soiler 1848; Dem. 1856-61; Sec. of Treasury 1861, V. 280; instructions of, for defence of American flag, V. 283; min. to France 1866; gov. 1872-73.

DIXON, ARCHIBALD (Ky.): b. 1802, d. 1876; adm. bar 1824; Sen. 1852-55; mem. com. on Ter.; on Nebraska Bill, IV. 262; on slavery in Ter., IV. 289; opinion by, IV. 291, 292; Sen. Sumner on, IV. 303.

DIXON, JAMES (Ct.): b. 1814, d. 1873; adm. bar 1836; M. C. 1845-49; Sen. 1856-69; on preservation of Union, V. 334; on equal male suffrage, VIII. 32, 102; opinion by, on slavery, cited, VI. 93; supported Pres. Johnson's policies, VIII. 82, 84 *ss*.

DIXON, JOSEPH M. (Mont.): b. 1867; adm. bar 1892; M. C. 1903-07; Sen. 1907-13; on income tax, XII. 414, 415.

DIXWELL, GEORGE BASIL, replies to Henry George, X. 82, 83.

DOCKERY, ALEXANDER M. (Mo.): b. 1845; pract. med. 1866-74; bk. cashier 1874-82; M. C. 1882-98; on ship subsidies, XI. 140, 159, 170; gov. 1901-5.

DODGE, AUGUSTUS C. (Ia.): b. 1812, d. 1883; del. to Cong. 1840; Sen. 1849-55; reintroduces Nebraska Bill, IV. 261; min. to Spain 1855.

DOLE, SANFORD B. (Hawaii): b. 1844; judge Sup. Ct. Hawaii 1887-93; pres. Haw. Repub. 1893-98, III. 171, 202, 206, 207; on annex. to U. S., III. 215; Sen. Hoar on, III. 242; gov. Haw. Ter. 1900-03; U. S. dist. judge 1903—.

DOLLIVER, JONATHAN P. (Ia.): b. 1858, d. 1911; adm. bar 1878; M. C. 1889-1901; on silver purchase repeal, XIV. 365; on Dingley tariff, XII. 338 *ss*; on annex. of Hawaii, III. 225 *ss*; on Clayton-Bulwer treaty, III. 364, 381; Sen. 1900-11; on child labor, XI. 291.

DOLPH, JOSEPH N. (Ore.): b. 1835, d. 1897; adm. bar 1861; partner Sen. J. H. Mitchell; U. S. dist. atty. for Ore. 1865; atty. for R. Rs.; Sen. 1883-97; reports on Chinese exclusion bill, XI. 263; on R. R. land grants, X. 254, 256, 270; on Chicago strike, X. 405.

DONELSON, ANDREW JACKSON (Tenn.): b. 1800, d. 1871; grad. West Pt. 1820; adm. bar 1823; planter; priv. sec. to Pres. Jackson 1829-37; chargé d'aff. Tex. 1844; min. Prus. 1844-49; ed. Wash. *Union* 1851-52; nom. Vice-Pres., IV. 370, VII. 137; defeated, 372.

DONNELLY, IGNATIUS (Minn.): b. 1831, d. 1901; adm. bar 1852; lieut.-gov. 1860-62; M. C. 1863-69; on Freed-

men's Aid bill, VII. 184 *ss*; on military reconstruction, VIII. 61; on reform of Indian system, VIII. 277; first advoc. of forestration; author of "Atlantis," 1882, etc.

DOOLITTLE, JAMES R. (Wisc.): b. 1815, d. 1897; adm. bar 1837; free-soil Dem.; founder Rep. party; judge in Wis. 1853-56; Sen. 1857-69; on nature of the Union, quoted, V. 318; on slavery in Territories, V. 378 *ss*; on punishment of treason, VI. 204 *ss*; opposes government railroads, X. 240-241; supports Pres. Johnson's policies; on reconstruction. VII. 299; on civil rights, VII. 396; on equal manhood suf., VIII. 31, 38; on military reconstruction. VIII. 56, 57, 58; on XVth Amend., VIII. 146, 148, 152.

DORR, THOS. W. (R. I.): b. 1805, d. 1854; adm. bar 1827; mem. legis. 1834 *ss*; organ. State suffrage reform party 1840; contest. elect. for gov. 1842 by force; imprisoned for treason 1844-45; verdict annulled by legis., but annulment set aside by sup. ct. 1854; rebellion of, ref. to, VI. 353.

DOREMUS, FRANK E. (Mich.): M. C. 1911—; on Panama Canal tolls, III. 464.

DOUGLAS, STEPHEN A. (Ill.): b. 1813, d. 1861; adm. bar 1834; atty.-gen. 1835; colleague of Abr. Lincoln in legis. 1836-37, where he was dubbed "Little Giant"; judge sup. ct. Ill. 1841; verdict of Eels *vs.* People on fug. slave case foreshadowed his Freeport doctrine; M. C. 1843-47; on Oregon boundary, II. 325 *ss*; on annex. of Texas, II. 340 *ss*; resolutions by, for admission of Texas, II. 349; on war with Mexico, II. 360 *ss*; favors popular sovereignty, IV. 135; Sen. 1847-61; favors territorial expansion, III. 69, 70; on Clayton-Bulwer treaty, III. 328, 330, 335 *ss*, 343, 344; favors Pacific R. R. subsidy, X. 171-74; amendment by, to Oregon bill. IV. 158, 159; reports bill for admission of Cal., IV. 168; on Fug. Slave law, IV. 242 *ss*; report by, on Neb. bill. IV. 261, 262; reports bill for Terri. organ. of Kan. and Neb., IV. 263, 264; in debate on bill, 264 *ss*, 290, 309; unpopularity of, IV. 311, 312; on Abr. Lincoln's speech against Neb. bill, IV. 314; on "squatter sovereignty," IV. 332 *ss*; attacked by Sumner, IV. 336, 337, 339, 342, 349 *ss*; reply of, IV. 343 *ss*, 351; Repr. Burlingame on, IV. 361; accepts Dred Scott decision, IV. 392; opposes President Buchanan, V. 106; censures Buchanan for not removing Brigham Young. VIII. 437; struggle of, for reëlection to Senate, V. 108; policy of, Abr. Lincoln on, V. 110 *ss*; speech of, quoted and replied to by Lincoln, V. 115 *ss*; in debate with Lincoln, V. 121 *ss*; ref. to, I. xii., xx., xxviii.; Henry Watterson on, VI. 2 *ss*; election of, to Senate, V. 163, 164; policy of, Sen. J. P. Benjamin on, V. 163; on slavery in Terr., V. 164, 228; Lincoln on, V. 162, 164, 165, 252, 262; Sen. Seward on, V. 176; Sen. Iverson on, V. 182; Sen. Hale on, V. 198, 199; opposition to, by Southern Democrats, V. 219 *ss*, 243; on Jeff. Davis, V. 228, 229, 236; on slavery, quoted, V. 246, 247; nom. for Pres., V. 264 *ss*; speaking tour of, 267; pop. vote for, 268; on secession, V. 321, 322, VI. 140; in debate on Conciliation Bill, V. 324, 325, 343 *ss*, 406 *ss*; on coercion of States by Fed. Gov't, quoted, V. 382; anecdote of, V. 395, 396; bill by, against piracy, cited, V. 412; does not vote on Crittenden resolutions, V. 435; on Lincoln's inaugural, VI. 25 *ss*, 34, 35; devotion of, to Union cause; death of, VI. 56; portrait, V. 228; caricatures of, IV. 313, 321; V. 239, 265.

DOUGLASS, FREDERICK (N. Y.): b. 1817, d. 1895; slave in Md.; escaped to Mass. 1838; abolition lecturer in U. S. and G. B. 1841-47; autobiog. 1844; ransomed 1847; ed. *F. D.'s Paper* 1847-63; Sen. Douglas on, advoc. arming slaves; recruited negroes; debated with Pres. Johnson on negro suf.; ed. *New National Era*; on San Domingo comm'n; marshal D. C. 1877; min. Haiti 1889-91; *in re* woman suf., VIII. 318.

DOVE, PATRICK EDWARD, Scots philosopher: b. 1815, d. 1873; on land question, X. 53.

DOW, WILLIAM (Kan.), assassination of, IV. 319.

DOYLE, RICHARD: *Punch* artist; cartoon by, II. 368.

DRAKE, CHARLES D. (Mo.): b. 1811, d. 1892; adm. bar 1853; drafted "Drake const." of Mo. 1865; Sen. 1867-70; on XVth Amend., VIII. 148; chief just. court of claims, 1870-85.

DRAYTON, WILLIAM HENRY (S. C.): b. 1742, d. 1779; lawyer; first opposed Amer. patriots in letters; privy councillor for S. C. 1772; supported patriots and was dismissed; in Rev.; chief justice S. C. 1776; addresses grand jury on American Indep., I. 176 *ss*.

DROMGOOLE, GEO. C. (Va.): b. 1795, d. 1847; lawyer; M. C. 1835-47; on censure of J. Q. Adams, IV. 114.

DUANE, WILLIAM J. (Pa.): b. Ireland 1780, d. 1865; printer; adm. bar 1815; Sec.-Treas. 1833; refuses to remove funds from U. S. Bank, XIII. 92; dismissed.

DUBOIS, JESSE K. (Ill.): remark by, on speech of Lincoln, V. 109.

DUDLEY, L. EDWIN: temporary chairman of Citizen Soldiers' convention, VII. 456.

DULANY, DANIEL (Md.): b. 1721, d. 1797; adm. bar 1747; provincial official; on Stamp Act, I. 34 *ss*; controv. over taxes with Chas. Carroll, opposing reduction; royalist in Rev.; estate confiscated.

DUNHAM, CYRUS L. (Ind.): d. 1856; lawyer; M. C. 1849-55; favors homestead law, X. 27-36.

DUNKLIN, DANIEL (Mo.): b. 1790, d. 1844; gov. 1833-36; drives Mormons from Mo., VIII. 403; surveyor-gen'l Mo., Ill. and Ark. 1836-44, 1845-47; on Mormon war, VIII. 404.

DUNMORE, LORD, JOHN MURRAY: b. Scot. 1732, d. 1809; royal gov. N. Y. 1770; Va. 1771-76; on colon. gov't, I. 125; invites slaves to enter Brit. army, VI. 231; burns Norfolk; gov. Bahama Ids. 1787-96.

DUNN, GEO. G. (Ind.): b. 1813, d. 1857; M. C. 1847-49, 1855-57; moves for restoration of Missouri Compromise, IV. 320.

DURFEE, NATHANIEL B. (R. I.): b. 1812, d. 1872; farmer; M. C. 1855-59; on tariff of 1857, XII. 80 *ss*.

DURLAND, KELLOGG (N. Y.): b. 1881; social worker, author; quoted on child labor, XI. 300 *ss*.

DWIGHT, THEODORE (Ct.): b. 1764, d. 1846; lawyer; editor; M. C. 1806-07; sec. of Hartford Conv. 1814, V. 24 *ss*.

E

EATON, WILLIAM W. (Ct.): b. 1816, d. 1898; adm. bar 1850; Sen. 1874-81; chm. com. for. rel. M. C. 1882-85; hard money Dem.; on legal tender of silver, XIV. 63.

EDMUNDS, GEO. F. (Vt.): b. 1828; adm. bar 1849; Sen. 1866-91; chrm. jud. comm.; mem. Elect. Commission 1877; on annex. of San Domingo, III. 13 *ss*, 20, 21; on Hawaii, cited, III. 191, 217; on isthmian canal, III. 350; bill by, to amend statute relating to bigamy, VIII. 456, 470; on polygamy, VIII. 467 *ss*; on tenure of office, IX. 12, 13, 27; on recess appointments, IX. 32; *in re* R. R. land grants, X. 258; counsel of committee to investigate ship subsidies, XI. 187; on Chinese exclusion, XI. 241; on "original package" bill, XI. 409; on reduction of currency, XIII. 344, 346, 349; on legal tender of silver, XIV. 66, 67; quoted, XIV. 118; on internat. monetary conf., XIV. 138; on silver purchase, XIV. 248, 260; portrait, VIII. 456.

EDMUNDSTON, HENRY A. (Va.): b. 1814, d. 1890; M. C. 1849-61; in Sumner assault, IV. 357, 358, 362.

EDWARDS, THOMAS M. (N. H.): b. 1795, d. 1875; M. C. 1859-63; on employment of negro soldiers, VI. 239, 240.

EHRHART, cartoon by, XIV. 285.

ELA, JACOB H. (N. H.): b. 1820; M. C. 1867-71; on income tax, XII. 404.

ELDRIDGE, CHARLES A. (Wis.): b. 1821, d. 1896; adm. bar 1846; M. C. 1863-75; on civil rights, VII. 406; on military reconstruction, VIII. 67; on XVth Amend. VIII. 114; on civil rights, VIII. 213 *ss*; presents memorial from Equal Rights Assoc., VIII. 318; presents minority report on impeachment of Pres. Johnson, IX. 66.

ELIOT, JOHN (Mass.): b. Eng. 1604, d. 1690; Indian apostle; translates Bible into Ind. tongue; ref. to, VIII. 292.

ELIOT, THOMAS D. (Mass.): b. 1808, d. 1870; adm. bar 1829; M. C. 1854-55, 1869-79; bills by, for punishment of treason, VI. 191, 206; in debate on bills, VI. 207, 208; passage of bills, VI. 208, 209; on Freedmen's Aid bill, VII. 172, 196.

ELKINS, STEPHEN (W. Va.): b. 1841, d. 1911; adm. bar 1864; del. in Congress from N. M. 1873-77; Sec. of War 1891-93; Sen. from W. Va. 1895-1911; on recognition of Cuban ind., III. 141, 142; *in re* R. R. rate regulation, X. 411.

ELLIOTT, JONATHAN: b. Eng. 1784, d. 1846; editor of "Debates," I. xiv; sketch of, I. xix.

ELLSWORTH, ELMER E., COL.: b. 1837, d. 1861; in Union army; assassination of, VI. 58.

ELLSWORTH, OLIVER (Ct.): b. 1745, d. 1807; adm. bar 1771; mem. Cont. Cong. 1777-83; mem. Fed. Con. 1787; Sen. 1789-96; chief justice 1796-99; envoy extraord. to France 1799; delegate to Const. Conv., I. 3, 4; address to the States by, I. 260 *ss*; in Const. Conv., I. 304, 324, 336, 337, 339, 340, 356, 361; on embassy to France, II. 86.

EMERSON, DR., U. S. Army surgeon: holds Dred Scott as slave, IV. 377.

EMERSON, RALPH WALDO: b. 1803, d. 1882; philosopher; quoted, *in re* polygamy, VIII. 448.

ENGLISH, WILLIAM H. (Ind.): b. 1822, d. 1896; adm. bar 1840; M. C. 1853-61; nom. Vice-Pres. by Dem. party 1880; on Nebraska Bill, IV. 309, 310; on Kan. contested election, IV. 330, 331; plan of, for admission of Kan., V. 107, 108; favors Mo. Comp., V. 437.

ERSKINE, DAVID M.: b. 1776, d. 1855; Brit. min. to U. S.; withdraws "Orders in Council," II. 147.

ERSKINE, THOMAS, SIR: b. 1750, d. 1823; Eng. jurist; defence of Hardy by, cited, VI. 294.

ESCH, JOHN J. (Wis.): b. 1861; adm. bar 1887; M. C. 1899—; on interstate commerce commission, X. 459-461.

EVANS, H. CLAY (Tenn.): b. 1843 Wis.; in Union army; M. C. 1889-91; on ship subsidies, XI. 168.

EVANS, WM. W., book by, on tariff, ref. to, XII. 379.

EVARTS, WILLIAM M. (N. Y.): b. 1818, d. 1901; adm. bar 1841; Atty. Gen. 1868-69; Sec. of State 1877-81; Sen. 1885-91; in controversy over *Alabama* claims, II. 445; on treaty with New Granada, cited, III. 433; counsel for Pres. Johnson, IX. 92; on R. R. regulation, X. 378-379; on "original package" bill, XI. 426; on silver purchase, XIV. 209; caricature of, IX. 133.

EVERETT, EDWARD (Mass.): b. 1794, d. 1865; M. C. 1825-35; gov. 1835-39; min. to G. B. 1841-45; Sec'y of State 1852; Sen. 1853-54; nom. Vice-Pres. by Union party, 1860; on Jefferson and the Dec. of Ind., I. 200, 201; declines proposals of

G. B. and France, III. 72; nom. Vice-Pres., V. 244; oration by, at Gettysburg, VI. 276.
Ewing, Thomas, Sr. (O.): b. 1789, d. 1871; adm. bar 1816; Sen. 1831-37; Sec'y of Treas. 1841; Sec'y of Interior 1849; Sen. 1850-51; in consultation with Lincoln, II. 379; on fug. slaves, cited, V. 343; nom. as Sec. War, but not confirmed, IX. 90; on Treasury circular ordering specie payments for lands, XIII. 110; drafts bill planning a national bank, XIII. 164.
Ewing, Thomas, Gen. (Kan. and O.): b. 1829, d. 1896; adm. bar 1855; in Union army; M. C. from Ohio, 1877-81; reviews history of reconstruction, VIII. 88 *ss*; on repeal of national banking section of specie bill, XIII. 430, 431 *ss*.

F

Fairbanks, Charles W. (Ind.): b. 1852; adm. bar 1874; Sen. 1897-1905; Vice-Pres. 1905-09; on recog. Cuban ind., III. 156 *ss*; on Panama Canal, III. 401, 402.
Farnsworth, John F. (Ill.): b. 1820, d. 1897; lawyer; M. C. 1857-61, 1863-73; in Civil War; on reconstruction, VII. 297, 321, VIII. 60.
Farquhar, John M. (N. Y.): b. Scot. 1832; in Civil War; M. C. 1885-91; introduces ship-subsidy bill, XI. 139.
Farragut, David G., Admiral: b. 1801, d. 1870; in Civil War; VII. 460.
Farrand, Max: b. 1869; prof. Yale Univ.; editor of "Records of Conv. of 1787," I. xx.
Fenton, Reuben E. (N. Y.): b. 1819, d. 1885; M. C. 1853-55, 1857-65; gov. 1865-69; Sen. 1869-75; on national banking system bill, XIII. 222 *ss*; app. on internat. monetary commn., XIV. 140.
Ferry, Orris S. (Ct.): b. 1823, d. 1875; adm. bar 1846; M. C. 1859-61; in Civil War; Sen. 1867-75; on XVth Amend., VIII. 118.
Ferry, Thomas W. (Mich.): b. 1827, d. 1896; M. C. 1865-71; Sen. 1871-83; acting Vice-Pres. after Henry Wilson's death 1875-77; virtually Pres. March 4-5, 1877; on currency and free banking, XIII. 379 *ss*, 395; on international monetary conference, XIV. 132, 133.
Fessenden, Wm. P. (Me.): b. 1806, d. 1869; adm. bar 1827; M. C. 1841-43; Sen. 1854-64; chrm. fin. comm.; Sec'y of Treas. 1864-65; Sen. 1865-69; in debate on Sumner affair, IV. 354; on John Brown affair, V. 210, 211; motion by, to strike names of certain Senators from the roll, VI. 37; on bill for martial law, VI. 105, 118; remarks by, quoted, VI. 115; on reconstruction, VII. 278, 303; mem. reconstruction comm. VII. 306; on tenure of office, IX. 17; ref. to, XIII. 293, 294; on reduction of currency, XIII. 342, 344, 350; caricature of, XIII. 199.
Few, Wm. (Ga.): b. 1748, d. 1828; in Rev. War; del. to Cont. Cong. 1780-82, 1785-88; Sen. 1789-93; vote by, against slavery in N. W. Territory, V. 248.
Field, Stephen J. (Cal.): b. 1816, d. 1899; adm. bar 1841; assoc. justice Supreme Court 1863-97; vote by, on income tax, XII. 409.
Fielding, W. S., Min. Finance (Can.): on reciprocity with U. S., XII. 457 *ss*; ref. to, 467, 470, 471.
Fillmore, Millard (N. Y.): b. 1800, d. 1874; adm. bar 1823; M. C. 1837-43; chrm. Ways and Means; Vice-Pres. 1849-50; Pres. U. S. 1850-53; nom. Pres. by American party 1856; succeeds to presidency, II. 265; issues proclamation against filibustering, III. 71; message by, on annex. of Cuba, 72, 73; approves Fugitive Slave bill, IV. 227; favors enforcement of Fugitive Slave law, IV. 230; issues proc. on Fugitive Slave Law, IV. 238; controversy over, 239 *ss*; message by, on Fugitive Slave law, IV. 256, 257; nomin. for Presidency, IV. 370, VII. 137; defeated, IV. 372; Iverson on, IV. 156; Giddings on, IV. 230 *ss*; J. P. Hale on, IV. 239; caricatures of, IV. 167, 179, 371.
Finck, William E. (O.): b. 1822, d. 1901; adm. bar 1843; M. C. 1863-67, 1874-75; on reconstruction, VII. 315; on XIVth Amend., VII. 418; on military reconstruction, VIII. 46.
Findley, Wm. (Pa.): b. 1750, d. 1821; M. C. 1791-99, 1803-17; on indirect taxation, XII. 13, 14; presents petition for renewal of Nat. Bank charter, XIII. 34.
Fish, Hamilton (N. Y.): b. 1808, d. 1893; adm. bar 1830; M. C. 1843-45; gov. 1849-51; Sen. 1851-57; Sec. of State 1869-77; on *Alabama* claims, II. 443; appointed on Joint High Commission, 444; on relations with Colombia, quoted, III. 418; on treaty with New Granada, cited, III. 433.
Fisher, Irving: b. 1867; prof. of pol. econ. at Yale, introd. by, on currency, XIV. vii *ss*.
Fisher, Sydney A., Min. of Agriculture (Can.): b. 1850; on reciprocity with U. S., XII. 457, 467 *ss*.
Fisk, James (Vt.): b. 1763, d. 1844; M. C. 1805-09, 1811-15; Sen. 1817-19; on embargo, II. 136, 137.
Fitch, Graham N. (Ind.): b. 1809, d. 1892; M. C. 1849-53; Sen. 1857-61; in Union army; on slavery in Territories, V. 220, 221; vote by, on Crittenden resolutions, V. 434.
Fithian, Geo. W. (Ill.): b. 1854; adm. bar 1875; M. C. 1889-95; ref. to, X. 70; XI. 164; on ship subsidies, XI. 175.
Fitzgerald, John J. (N. Y.): b. 1872; adm. bar 1893; M. C. 1899—; on Socialism, XI. 375.
Fitzgerald, Thomas (Mich.): b. 1796, d. 1855; adm. bar 1817; Sen. 1848-49; on Wilmot Proviso, IV. 145, 151.
Fitzsimons, Thomas (Pa.): b. Ireland 1741, d. 1811; del. Const. Conv. 1787; M. C. 1789-95; presents petition for abolition of slave trade, IV. 7, 8; bill by, to enforce Ordinance of 1787, V. 248; on naturalization, VII. 19; on postal affairs, X. 133; introduces resolution directing Secretary of Treasury to report plan for redemption of public debt, XIII. 19.
Florence, Thos. B. (Pa.): b. 1812, d. 1875; M. C. 1851-61; vote by, on cause for disunion, V. 438.
Flower, Roswell P. (N. Y.): b. 1835, d. 1899; M. C. 1881-83, 1889-91; gov. 1891-94; on McKinley tariff, XII. 270; on national banks, XIII. 234.
Floyd, John (Va.): b. 1783, d. 1837; M. C. 1817-29; gov. 1830-34; on recognition of South Am. republics, II. 222, 223; favored by S. C. for Pres., V. 77.
Floyd, John B. (Va.): b. 1807, d. 1863; gov. 1850-53; Sec. War 1857-60; Confed. gen. in Civil War; letter of Gen. Scott to, V. 279; assurances of, to S. C., 281; indictment of, for conspiracy, 282; treason of, Henry Wilson on, VI. 371.
Foot, Samuel A. (Ct.): b. 1780, d. 1846; M. C. 1819-21, 1823-25; Sen. 1827-33; M. C. 1833-34; gov. 1834-35; resolutions by, on public lands, V. 36; resolution on land question, X. 9.
Foote, Henry S. (Miss): b. 1864, d. 1880; adm. bar 1823; Sen. 1847-52; gov. 1852-54; mem. Confed. Cong. 1862-65; on recognition of Louis Kossuth, II. 266 *ss*; on sympathy with Ireland, II. 270; on slavery, IV. 156, 188 *ss*, 220; favors Clay compromise, IV. 237; elected governor of Miss., IV. 256; caricature of, IV. 220.
Foraker, Joseph B. (O.): b. 1846; in Civil War; adm. bar 1869; gov. 1885-89; Sen. 1897-1909; on recog. of Cuban ind., III. 135 *ss*; on annex. of Philippines, III. 280 *ss*; on Panama revolution, III. 426 *ss*; *in re* R. R. rate regulation, X. 486; on child labor, XI. 294; on pure food bill, XI. 464.
Foran, Martin A. (O.): b. 1844; adm. bar 1874; M. C. 1883-89; on liquor tax, XI. 393.
Fordney, Joseph W. (Mich.): b. 1853; M. C. 1899—; on recip. with Canada, XII. 443 *ss*.
Forrest, Nathan B.: b. 1821, d. 1877; Confed. gen. in Civil War; massacre by, of negro soldiers, VI. 253; at the Soldiers' Convention of 1866, VII. 456.
Forster, William E. (Eng.): b. 1818, d. 1886; quoted on *Alabama* controversy, II. 438.
Forsyth, John (Ga.): b. 1780, d. 1841; adm. bar 1802; M. C. 1813-18; Sen. 1818-19; min. to Spain 1819-23; M. C. 1823-27; gov. 1827-29; Sen. 1829-34; Sec. State 1834-41; on treaty of 1832 with Russia, II. 413; disavows New Granada contract, III. 326; on Indian rights, VIII. 273; on tariff of 1833, XII. 72, 74; Chas. J. Ingersoll on, II. 338.
Forsyth, John (Ala.): b. 1812, d. 1877; ed. Mobile *Register*; mem. Confederate Peace Commission, VI. 51 *ss*.
Fort, Tomlinson (Ga.): b. 1787, d. 1859; M. C. 1827-29; opposes State rights *in re* roads, X. 155-156.
Foster, Charles (O.): b. 1828, d. 1904; M. C. 1871-79; mem. Ways and Means; gov. 1880-84; Sec. Treasury 1891-93; on military government, quoted, III. 311; ref. to, XII. 343; on free coinage of silver, XIV. 54.
Foster, Lafayette S. (Ct.): b. 1806, d. 1880; adm. bar 1830; Sen. 1855-67; acting Vice-Pres. after Lincoln's death; in debate on Conciliation bill, V. 324, 330; moves to expel Louis F. Wigfall from Senate, VI. 37; on equal male suffrage bill, VIII. 33.
Fothergill, Dr. John (Eng.): b. 1712, d. 1780; in discussion with Franklin, I. 109 *ss*.
Fowler, Charles N. (N. J.): b. 1852; M. C. 1895-1911; on canal tolls, III. 387.
Fowler, Joseph S. (Tenn.): b. 1822, d. 1902; Sen. 1866-71; on woman suf., VIII. 139.
Fox, Charles James (Eng.): b. 1749, d. 1806; on Folly of the American War, I. 220, 221; appointed Secretary of State, resigns from cabinet, 227; W. E. Mason on, III. 273, 276.
Franklin, Benjamin (Pa.): b. 1706, d. 1790; mem. 2d Cont. Congress 1775; mem. comm. to draw Decl. of Indep. 1776; ambas. to France 1776-85; pres. of Pa. 1785-88; del. to Const. Conv. 1787, I. 3, 4; on Stamp Act, I. 18; before Parliament, I. 56; attacked by Lord Sandwich, I. 106; rebuffed by Parliament, I. 107; plan of reconciliation by, I. 109 *ss*; delegate to Second Cont. Congress, I. 165; on Lord North's "Conciliatory Plan," I. 167, 168; on com. to draw Dec. of Indep., I. 191; negotiates for peace, I. 227; early plan of colonial union submitted by, I. 238; in debate on Confederation, I. 243; in Const. Conv., I. 333, 334, 341, 346, 347; petition against slavery signed by, IV. 11, 12, 27; in Congressional Com. of Conference (1775), VI. 231; quoted, VII. 85, 86; Charles Sumner on, IV. 340, 341; portrait of, I. 332.
Frelinghuysen, Frederick T. (N. J.): b. 1817, d. 1885; adm. bar 1839; Sen. 1866-69, 1871-77; Sec. State 1881-85; on isthmian canal treaty, III. 346; on equal male suffrage bill, VIII. 29, 34; on XVth Amend., VIII. 136; on tenure of office, IX. 35.
Frelinghuysen, Theodore (N. J.): b. 1787, d. 1861; Sen. 1829-35; nom. Vice-Pres. by Whig party 1844, II. 335, 336; on Indian rights, VIII. 266 *ss*; caricature of, XII. 73.

FRÉMONT, JOHN C. (Cal.): b. 1813, d. 1890; Sen. 1850-51; nom. Pres. by Repub. party 1856; Gen. in Civil War; gov. Ariz. 1878-81; nomin. for Pres., IV. 370; defeated, IV. 372; proc. of, for emancipation of slaves, controversy over, VI. 120 *ss*; superseded by Gen. Hunter, VI. 123, 124; offer to, of command of negro troops, VI. 247; emancipation proclamation by, Senator Lyman Trumbull on, VI. 364; caricature of, IV. 371.
FRÉMONT, JESSIE BENTON (MRS. JOHN C.): interview of, with Pres. Lincoln, VI. 121.
FRENCH, RICHARD (Ky.): M. C. 1835-37, 1843-45, 1847-49; on petitions against slavery, IV. 117, 118.
FROST, A. B.: cartoon by, VIII. 236.
FRYE, WILLIAM P. (Me.): b. 1831, d. 1911; M. C. 1871-81; Sen. 1881-1911; introduces ship subsidy bill, XI. 186 *ss*; on Senate committee to investigate ship subsidies, XI. 187.
FULLER, MELVILLE W.: b. 1833, d. 1910; adm. bar 1855; chief justice Supreme Court 1888-1910; on State control of commerce, XI. 406; vote by, on income tax, XII. 409.
FULLER, THOMAS J. D. (Me.): b. 1808, d. 1876; adm. bar; M. C. 1849-57; opposes homestead law, X. 18.
FULLER, TIMOTHY (Mass.): b. 1778, d. 1835; M. C. 1818-25; on slavery in Missouri, IV. 51 *ss*.
FULTON, CHARLES W. (Ore.): b. 1853; adm. bar 1875; Sen. 1903-09; on child labor, XI. 312.

G

GAGE, THOMAS, GEN. (Eng.): b. 1721, d. 1787; with Braddock's exped. to Am., 1754; gov. Montreal 1760; Brit. commander in Am. 1763-72; appt'd gov. Mass. 1774; sends troops to Concord, which led to battle of Lexington, 1775; recalled to Eng. 1775; appt'd. gov. Mass., I. 83; Salmon P. Chase on proclamation of, IV. 241.
GAINES, JOHN W. (Tenn.): b. 1861; adm. bar 1884; M. C. 1897-1909; on Littlefield anti-trust bill, XI. 87; on injunctions, XI. 323.
GAINES, JOSEPH H. (W. Va.): b. 1864; adm. bar 1887; U. S. dist. atty. for W. Va. 1897-1901; M. C. 1901-11; on Payne-Aldrich tariff bill, XII. 390.
GALES, JOSEPH (Eng.): b. 1786, d. 1860, and SEATON, WILLIAM W. (Va.): b. 1785, d. 1866; Cong. reporters, I. 21.
GALLATIN, ALBERT (Pa.): b. Switz. 1761, d. 1849; came to U. S. 1780; mem. Pa. Const. Conv. 1789; Pa. legis. 1790-92; M. C. 1795-1801; Sec. Treasury 1802-14; min. to France 1815-23; min. to G. B. 1826-27; ref. to *in re* Ky. and Va. Res., I. 22; on Const. provis. for treaties, II. 42; on relations with France, II. 74, 75; appt'd. envoy, II. 217; on alien laws, VII. 23; on deport'n of aliens, VII. 25, 28, 30; on sedition law, VII. 64, 78; on provis'l army, IX. 183, 187; on proposed reduct. of army, IX. 193; advocates post-roads, X. 3; reports protect. tariff bill, XII. 23; free trade memorial by, ref., XII. 379; quoted, XIV. 38, 171; portrait, VII. 78.
GALLINGER, JACOB H. (N. H.): b. Canada, 1837; physician 1862-85; surg.-gen. N. H. 1879-80; M. C. 1885-89; U. S. Sen. 1891—; on child labor, XI. 304; introduces bill restricting child labor in the D. C., XI. 318.
GALLOWAY, JOSEPH (Md.): b. abt. 1729, d. 1803; Pa. delegate Continental Congress 1775; a plan of colonial union submitted by, I. 91, 92.
GALLOWAY, SAMUEL (O.): b. 1811, d. 1872; adm. bar 1842; sec. of state (O.) 1844-52; M. C. 1854-56; on Kansas contested election, IV. 327 *ss*.
GAMBIER, LORD JAMES, Brit. Admiral: b. Bahamas 1756, d. 1833; headed commis. to negotiate peace with U. S., which led to treaty of Ghent 1814, II. 218.
GARCIA, CALIXTO, GEN. (Cuba): b. 1836, d. 1898; organized "Ten Years' War" 1868; com.-in-chief Cuban army; captured and sent to Spain 1873; pardoned 1878; organized "Little War"; recaptured and sent to Spain 1878; escaped 1895; commanded in war 1898; revolt of, III. 100.
GARDNER, AUGUSTUS P. (Mass.): b. 1865; State Senator 1899-1901; M. C. 1902—; on Pure Food bill, XI. 457.
GARFIELD, JAMES A. (O.): b. 1831, d. 1881; pres. Hiram Coll. 1857-59; O. Sen. 1859-61; in Civil War, 1861-63; M. C. 1863-80; Rep. cand. for Pres. 1880; charged with writing letter, Jan. 23, 1880, to H. L. Morey, of Employers' Union, Lynn, Mass., saying Chinese treaty should not be abrog. nor Ch. immig. restricted till employers were supplied; letter proved forgery, but caused loss Nev. and Cal. (except 1 vote) to Rep.; Pres. and killed 1881; on purchase of Alaska, II. 422; quot. in debate on annex. Hawaii, III. 220; on XIVth Const. Amend., VII. 420; on milit. reconstruct., VIII. 48, 49, 60; on civil rights, VIII. 226 *ss*; on polygamy, VIII. 456; on unconst. of electoral com'n., IX. 123; on use of troops at polls, IX. 145-154; on govt. by consent of governed, IX. 146; on amend. to approp. bill, IX. 151; on riders on approp. bills, IX. 167-171; on R. R. powers, X. 262, 267-268; sustains veto Chinese exclus. bill, XI. 262; in debate on 1870 tariff, XII. 136, 141 *ss*; on Wood tariff bill, XII. 176 *ss*; opposes bill to prevent reduct. of currency, XIII. 340; on repeal bk. sec. specie bill, XIII. 419 *ss*; on free coinage silver, XIV. 54; portrait, VIII. 228.
GARIBALDI, GIUSEPPE (It.): b. France 1807, d. 1882; milit. founder United Italy; on bravery of slaves, quoted, VI. 245.
GARLAND, AUGUSTUS H. (Ark.): b. 1832, d. 1899; adm. bar 1853; mem. Confed. Cong.; gov. 1875-77; U. S. Sen. 1877-85; U. S. atty.-gen. 1885-89; on polygamy, VIII. 459, 463.
GARNER, MARGARET (Ky.): fug. slave (1856); case of, IV. 229.
GARNETT, ROBERT S. (Va.): lawyer; M. C. 1817-27; on recognition of S. Am. republics, II. 229.
GARRARD, JAMES, GEN. (Ky.): b. Va. 1749, d. 1822; gov. Ky. 1796-1804; address by, V. I.
GARRETT, FINIS J. (Tenn.): b. 1875; adm. bar 1899; M. C. 1905—; on child labor, XI. 319.
GARRISON, WILLIAM LLOYD (Mass.): b. 1805, d. 1879; reformer, editor, author, founder Am. Anti-Slavery Soc.; William Allen on, II. 311-312; favors colonizing freedmen, IV. 99; Andrew P. Butler on, IV. 306.
GASTON, WILLIAM (N. C.): b. 1778, d. 1844; adm. bar 1798; State Sen. 1800; State House 1808-09; M. C. 1813-15; judge N. C. Sup. Court 1834-44; mem. Const. Conv. 1835; on case of S. C. *vs.* Manual, quoted, IV. 387, 388.
GEAR, JOHN H. (Ia.): b. N. Y. 1825, d. 1900; mayor Burlington, Ia., 1863; Speaker Ia. House 1874-78; gov. Ia. 1878-81; M. C. 1886-90; mem. Ways and Means com.; asst. Sec. Treas. 1892-94; U. S. Sen. 1895 till death; on McKinley tariff bill, XII. 271.
GEARY, JOHN W., GEN. (Pa.): b. 1819, d. 1873; in Mex. War; first Am. alcalde San Francisco; first mayor city 1850; mem. Const. Conv.; Terr. gov. Kan. 1856-57; resignation of, V. 105; in Civil War; gov. Pa. 1866-73.
GENÊT, EDMOND C., "CITIZEN" (France): b. 1765, d. 1834; chargé to Rus., 1789-92; min. to U. S. 1792-94; commis'd privateers' agt. G. B.; planned hostile movement agt. Span. colonies, Fla. and La.; recalled on request U. S. govt.; naturalized and settled in N. Y.; John Randolph on, II. 178; Champ Clark on, III. 207.
GEORGE, HENRY (N. Y.): b. Pa. 1839, d. 1897; polit. economist; editor in Cal. 1859-80; defeated as United Labor cand. for mayor New York 1886; cand. of fusion Democracy of Thomas Jefferson for same 1897; d. in campaign; chief pubs.: "Progress and Poverty," 1879; "The Irish Land Question," 1881; "Social Problems," 1883; "Protection or Free Trade," 1886; "The Science of Political Economy," 1898; organized Anti-Poverty Soc.; his "Protection or Free Trade" made pub. doc., I. 23; a forerunner of, X. 66; "Progress and Poverty" by, quoted, X. 74-80; cand. for mayor New York, XI. 351; on tariff, quoted, XII. 305; ref., XIX. 358; portrait, X. 68.

GEORGE, HENRY, JR. (N. Y.): b. Cal., 1862; journalist; succeeded his father as cand. for mayor New York and defeated 1897; M. C. 1911—; speech on single tax, X. 91-109.
GEORGE, JAMES Z. (Miss.): b. Ga., 1826, d. 1897; in Mex. War; adm. bar; in C. S. A.; chief just. Miss. Sup. Court; U. S. Sen. 1881-97; mem. Const. Conv. 1890; *in re* R. R. grants, X. 260, 270; on the anti-trust law, XI. 11 *ss*.
GEORGE III., KING (Eng.): b. 1738, d. 1820; crowned 1760; sanctioned Am. Stamp Act 1765; agreed to peace 1782; replies to Parliament, I. 75, 81, 99, 107 *ss*; address by, I. 77; petitions to, I. 16, 25, 27, 30, 31, 71 *ss*, 76, 77, 89, 94 *ss*, 107, 171; speech of, in Parliament, I. 171, 172; George F. Hoar on, III. 266, 267; William E. Mason on, III. 276; colonial grievances agt., quoted by Sumner, IV. 302; arraign't of, by colonists, cited, V. 442.
GEORGE IV., KING (Eng.): b. 1762, d. 1830; crowned 1820; on impressment of seamen, II. 388.
GERRY, ELBRIDGE (Mass.): b. 1744, d. 1814; in Mass. general court, 1772-75; in Continental Cong. 1776-80, 1783-85; signed Dec. of Ind.; mem. Const. Conv.; M. C. 1789-93; comm'r to France, 1797; gov. Mass. 1810-11; Vice-Pres. 1813-14; in Const. conv., I. 327, 336, 346; apptd. envoy to France, II. 69; receives instructions to leave France, II. 82; on Cong. power over slave trade, IV. 17; on slavery, quoted, IV. 236; on state rights, X. 220; on cod-fisheries bill, XI. 113.
GEYER, HENRY S. (Mo.): b. Md. 1790, d. 1859; adm. bar 1811; in army, 1813-15; mem. Mo. const. conv. 1820; Mo. legis. 1820-24; U. S. Sen. 1851-57; one of counsel in Dred Scott case; favors Pacific R. R. subsidy, X. 181.
GIBSON, CHARLES H. (Md.): b. 1842, d. 1900; adm. bar 1864; M. C. 1885-91; U. S. Sen. 1892-97; on restriction of immigration, XI. 281.
GIBSON, RANDALL L. (La.): b. Ky., 1832, d. 1892; lawyer-planter; in Confed. army; M. C. 1875-83; U. S. Sen. 1883-92; proposes monetary com'n, XIV. 70; appointed on monetary com'n, XIV. 75.
GIDDINGS, JOSHUA R. (O.): b. Pa. 1795, d. 1864; in war of 1812; adm. bar 1820; M. C. 1838-59; censured for his anti-slavery views; consul-gen. in Canada 1861-64; pub. "The Rebellion: its Authors and Causes," 1864; on war with Mex., II. 352 *ss*; on slavery, IV. 138, 139; on fug. slave law, IV. 230 *ss*; expulsion of, Henry Wilson on, VI. 369; on polygamy, VIII. 406.
GILES, WILLIAM B. (Va.): b. 1762, d. 1830; lawyer; M. C. 1790-99, 1801-03; U. S. Sen. 1804-15; gov. of Va. 1826-29; mem. Const. Conv. 1829-30; on com. treaty with G. B., II. 51; on relations with France, II. 71, 72, 76 *ss*, 78 *ss*; on embargo, II. 144, 145; on naturalization, VII. 15, 16; on judicial tenure of office, IX. 514; on cod-fisheries bill,

XI. 109; on alcohol tax, XII. 13; resol. of, agt. Alexander Hamilton, XIII. 22; on const. of nat. bks., XIII. 40.
GILLAM, VICTOR, cartoons by, III. 129, 171; IX. 251, 258, 341; XII. 259, 293, 303, 323, 364; XIV. 317.
GIST, Gov. WILLIAM H. (S. C.): at meeting of S. C. statesmen, V. 269; address by, on secession, 270, 271.
GLADSTONE, WILLIAM E. (Eng.): b. 1809, d. 1898; Speaker of the Commons, 1865-66; prime min. 1868-70, 1880-85, 1885-86, 1892-93; secured many important reforms; advocated home rule for Ireland; author classical and hist. pubs.; on U. S. Const., I. 271; becomes prime min., II. 427.
GODDARD, MRS. FRANCIS W. (Col.): recants as a suffragist, VIII. 398, 399.
GOLD, THOMAS R. (N. Y.): b. 1764, d. 1826; State Sen. 1797-1802; M. C. 1809-13, 1815-17; in debate on tariff of 1816, XII. 29 *ss.*
GOMEZ, MAXIMO, GEN. (Cuba): b. San Dom. 1838, d. 1905; in Span. army till 1868, then in Cuban "Ten Years' War"; became com. in chief; in war of 1895-98; aided Am. operations and occupation; had great reception Havana, 1899; revolt of, III. 100, 138, 140, 141, 142, 148, 155, 158, 159.
GOMPERS, SAMUEL (D. C.): b. Eng. 1850; came to U. S. 1863; became cigarmaker; began to organize workmen 1865; a founder of Am. Fed. of Labor and pres., 1882—; 1st vice-pres. Nat. Civic Fed.; ref. to, XI. 332.
GOOCH, DANIEL W. (Mass.): b. Me., 1820, d. 1891; adm. bar 1846; mem. Mass. Const. Conv. 1853; M. C. 1856-65, 1873-75; on reconstruction, VII. 240.
GOODE, SAMUEL (Va.): b. 1756, d. 1822; served in State legis.; M. C. 1799-1801; on petition against slavery, IV. 35.
GOODRICH, JOHN Z. (Mass.): b. 1801, d. 1885; M. C. 1851-55; mem. Peace Cong. 1861; Boston 1861-65; on polygamy, VIII. 419.
GOODWIN, GRACE DUFFIELD (D. C.): on woman suffrage, VIII. 385.
GORDON, DR.: letter of Jefferson to, VI. 232.
GORDON, JOHN B. (Ga.): b. 1832, d. 1904; lt.-gen. Confed. army; U. S. Sen. 1873-85, 1891-97; gov. Ga. 1887-90; com.-in-chief Unit. Confed. Vets.; on Chicago strike, X. 401-402; on specie payments, XIII. 380 *ss*, 387, 393.
GORHAM, NATHANIEL (Mass.): b. 1738, d. 1826; in legis.; mem. State board of war; M. C. 1782-83, 85-87; in Const. Conv., I. 361.
GORMAN, ARTHUR P. (Md.): b. 1839, d. 1906; page U. S. Sen. 1852-66; int. rev. col. 1866-69; State sen. 1875-80; U. S. Sen. 1880-1906; amends Wilson tariff bill, XII. 323.
GOULBURN, HENRY (G. B.): Brit. com'r on Ghent treaty 1814; on peace com'n, II. 218.
GOVIN, Amer. press corr., execution of, III. 118.
GRAHAM, JAMES M. (Ill.): b. Ireland, 1852; came to U. S. 1868; adm. bar 1885; M. C. 1909—; in controversy on single tax, X. 107.
GRANGER, FRANCIS (N. Y.): b. Ct. 1792, d. 1868; adm. bar 1816; N. Y. legis. 1826-31; defeated for V.-Pres. 1831; M. C. 1835-37, 1839-41; 1841-43; P. M. Gen. 1841; mem. Peace conv. 1861; on petitions agt. slavery, IV. 107, 108.
GRANT, J. M.: Mormon pres., VIII. 434.
GRANT, ULYSSES S. (Ill.): b. O. 1822, d. 1885; in army 1845-54; in Mex. War; reëntered army 1861; received Lee's surrender 1865; Act. Sec. War 1867-68; Pres. 1869-77; message by, on *Ala.* claims, II. 443; names arbitrator for Geneva com'n, II. 444; names arbitrator on adjust. war claims, II. 446; on annex. of San Dom., III. 7 *ss*, 45, 46; Garrett Davis on, III. 12, 13; Sumner on, III. 24, 25, 37 *ss*; Oliver P. Morton on, III. 26; James W. Nye on, III. 31 *ss*; Zach. Chandler on, III. 34, 35; Conkling on, III. 37 *ss*; Geo. F. Hoar on, III. 152; appts. com'n on canal route, II. 347; return of captured slaves by, VI. 126; nom. for Pres., VIII. 86; elected Pres. VIII. 93; 1st message of, VIII. 162; approves Ku-Klux-Klan bill, VIII. 202; approves civil rights bill, VIII. 235; Indian policy of, VIII. 285 *ss*; gives Friends charge of Ind. reserv., VIII. 285; urges anti-polyg. bill, VIII. 455; on ref. of civ. serv., IX. 293; testimony for Pres. Johnson, IX. 65, 88; quarrel with Johnson, IX. 78, 88; resigns as Sec. War, IX. 78; signs int. rev. bill, XII. 406; 2d inaug. message, XIII. 374 *ss*; on resump. specie payments, XIII. 374 *ss*; on bus. depression, XIII. 397 *ss*; approves bill for resump. specie payments, XIII. 418; approves bill stopping coinage silver dollar, XIV. 3; vetoes inflation, XIV. 9; approves bill to issue silver coin for fract. currency, XIV. 49; caricatures of, VIII. 87, 94, 163, 171, 195, 226, 227; IX. 329; XIII. 345, 377.
GRANTLAND, SEATON (Ga.): b. Va.; adm. bar Ga.; M. C. 1835-39; Pres. elector 1840; on censure of J. Q. Adams, IV. 110.
GRANVILLE, GEORGE LEVERSON-GOWER, 2D EARL (Eng.): b. 1815, d. 1891; Sec. For. Affairs 1851-52, 1870-74, 1880-85; instructions of, II. 443; on isthmian canal treaty, III. 346.
GRAY, GEORGE (Del.): b. 1840; adm. bar 1863; Del. atty. gen. 1879-85; U. S. Sen. 1885-99; U. S. judge 1899—; com'r on U. S. Canada dispute and U. S. Span. peace 1898; mem. Per. Internat. Arbit. Ct. 1900; arbitrator on coal strike 1902; decision on anthracite coal strike case, XI. 335; on "original package" bill, XI. 408.
GRAY, HORACE (Mass.): b. 1828, d. 1902; adm. bar 1851; assoc. just. Mass. Sup. Ct. 1864-73; chief just. 1873-82; assoc. just. U. S. Sup. Ct. 1882-1902; vote by, on income tax, XII. 409.
GRAYSON, WILLIAM (Va.): b. 1740, d. 1790; aide to Washington 1776; com'r Board of War 1780-81; mem. Cont. Cong. 1784-87; mem. Va. conv. on Fed. Const. 1788; U. S. Sen. 1789-90; in Va. const. conv., I. 373, 374; elect. U. S. Sen., I. 422.
GREELEY, HORACE (N. Y.): b. N. H., 1811, d. 1872; printer; founder New York *Tribune* 1841; edited it till his death; M. C. 1848-49; Pres. elector 1864; mem. N. Y. const. conv. 1867; went bail for Jeff. Davis 1867; defeated for Pres. 1872; his "Am. Conflict," I. 25; on Missouri Comprom., IV. 262, 263; on Kan.-Neb. bill, IV. 309; on Dred Scott case, IV. 378; favors Douglas for Sen., V. 165; on John Brown raid, cited, V. 209, 212, 213; on campaign 1860, V. 266; on secession of S. C., V. 272; on letters of S. C. com'rs 1860, V. 281; est. on milit. resources of South by, V. 284; on inaug. address Jeff. Davis, V. 285, 286; on Lincoln's refusal to compromise, V. 426; letter to Lincoln on battle Bull Run, VI. 69; letter on emancipation, VI. 212, 213; reply of Lincoln to, 213 *ss*; opinion on seizure of negroes by, quoted, VI. 216; on slavery during Rev. War, VI. 231; on employ. negro soldiers, VI. 251; D. W. Voorhees on, VI. 310; cand. for Pres., XII. 146; caricatures of, V. 179, 245, 258, 333; VI. 69; VII. 307; VIII. 200; IX. 115, 133, 329.
GREEN, BERIAH (N. Y.): b. 1794, d. 1874; coll. pres.; reformer; a founder of Am. Anti-Slavery Soc.; became its first pres. 1834; as pres. of the soc., IV. 102.
GREEN, JAMES S. (Mo.): b. Va. 1817, d. 1870; adm. bar 1840; Pres. elector 1844; M. C. 1847-51; chargé to Colombia 1853-54; U. S. Sen. 1857-61; appt'd on Confer. Com., V. 107; bills for admis. Kan. and Minn. by, V. 107; in debate on Conciliation bill, V. 324, 330, 331; on Jeff. Davis, V. 332.
GREENWOOD, ALFRED B. (Ark.): b. Ga. 1811, d. 1889; adm. bar Ark.; mem. legis. 1842-45; State pros. atty. 1845-51; circuit judge 1851-53; M. C. 1853-58; Com'r Indian Affairs 1859-61; mem. Confed. Cong.; on com. to investigate Sumner assault, IV. 357.
GREGG, ANDREW (Pa.): b. 1755, d. 1835; M. C. 1791-1807; U. S. Sen. 1807-13; appt'd Pa. Sec. State 1816; resolution by, II. 115.
GRENVILLE, SIR GEORGE (Eng.): b. 1712, d. 1770; prime min. 1763-65; secures passage of Stamp Act; opposes its repeal 1766; plans Stamp Act, I. 14; discusses Act with Benj. Franklin, I. 18; on right to tax Am., I. 40 *ss.*
GRENVILLE, WILLIAM WYNDHAM, LORD (Eng.): b. 1759, d. 1834; Sec. For. Affairs 1791-1801; supported Canning 1809-15; signs com. treaty with U. S., II. 29.
GRESHAM, THOMAS (Eng.): b. 1519, d. 1579; merchant; founded Royal Exchange and Gresham Coll.; his currency law ref. to, XIV. 305.
GREY, SIR EDWARD (Eng.): b. 1862; Under-Sec. for For. Affairs 1892-95; Sec. for For. Affairs 1905—; ref. to, XII. 471.
GREY AND RIPON, GEORGE FRED., SAM., ROBINSON, EARL DE (Eng.): b. 1827, d. 1909; M. P. 1852-59; Sec. for War 1859-66; mem. Joint High Com'n which signed Treaty of Washington 1871; viceroy India 1880-84; Sec. for Colonies 1892-95; appt'd on Joint High Com'n, II. 444.
GRIDER, HENRY (Ky.): b. 1796, d. 1866; adm. to bar; in War 1812; State repr. 1827, 1831; State sen. 1833-37; M. C. 1843-47, 1861-66; in debate on fug. slave bill, VI. 126, 127; mem. comm. on reconstruction, VII. 307.
GRIER, ROBERT C. (Pa.): b. 1794, d. 1870; adm. bar 1817; assoc. just. U. S. Sup. Ct. 1846-70; on Dred Scott case, IV. 383, 384; on Fed. powers over interstate com., X. 214.
GRIMES, JAMES W. (Ia.): b. N. H. 1816, d. 1872; mem. Ia. Terr. and State legis. 1838, 1843, 1852; gov. Ia. 1854-58; U. S. Sen. 1859-71; on freedmen's aid bill, VII. 173; mem. reconstruction comm., VII. 306; on equal male suff. bill, VIII. 17.
GROESBECK, WILLIAM S. (O.): b. N. Y. 1815, d. 1897; mem. O. Const. Conv. 1851; mem. comm. to codify O. laws 1852; M. C. 1857-59; mem. peace conf. 1861; of counsel for Pres. Johnson 1868, IX. 92; apptd. on monetary comm., XIV. 75; apptd. on internat. monetary comm., XIV. 140.
GRONLUND, LAURENCE (Ill.): b. Denmark 1846, d. 1899; author, correspondent, lecturer on social topics; "The Coöperative Commonwealth," XI. 351.
GROSVENOR, CHARLES H. (O.): b. Ct. 1833; adm. bar 1857; gen. in Civil War; mem. O. legis. 1874-78; Pres. elector 1872, 1880; M. C. 1885-91, 1893-1907; Hugh A. Dinsmore on, III. 165; ref. to, in debate on annex. Hawaii, III. 195, 217, 227; on ship subsidies, XI. 143; in debate on Dingley tariff bill, XII. 343; on silver purchase repeal, XIV. 313.
GROW, GALUSHA A. (Pa.): b. Ct. 1823, d. 1907; adm. bar 1847; M. C. 1851-63, 1894-1903; Speaker 1861-63; "father" of the homestead law; on slavery in Kan., IV. 322, 323; bill by, for admiss. Kan., V. 108; favors homestead law, X. 36-43; *in re* R. R. funding bill, X. 307-308.
GRUNDY, FELIX (Tenn.): b. Va. 1777, d. 1840; mem. Ky. Const. Conv. 1799; mem. Ky. legis. 1800-05; chief just. Ky. Sup. Ct.; M. C. from Tenn. 1811-13; mem. Tenn. legis. 1815-19; U. S. Sen. 1829-38; U. S. atty. gen. 1838-40; on Brit. barbarities, II. 155; on war with G. B., II. 196, 197; resolution by, agt. nullification, V. 97.

GUITEAU, CHARLES J. (Ill.): b. 1840, d. 1882; lawyer in Chicago; shot Pres. Garfield 1881; ref. to, VIII. 461.

GUTHRIE, JAMES (Ky.): b. 1792, d. 1869; adm. bar 1820; mem. Ky. legis. 1827-31; mem. Ky. sen. 1831-40; pres. Const. Conv. 1840; Sec. U. S. Treas. 1853-57; U. S. Sen. 1865-68; chairman Peace Conf. Comm., V. 435; on reconstruction, VII. 305; on civil rights, VII. 376, 401; rept. by, on revenue, ref., XII. 80, 81, 93.

GUTHRIE, WM. D. (N. Y.): b. 1859; lawyer, writer on polit. and legal topics; Storrs lecturer Yale U.; prof. law Columbia U.; in Pollock case, XII. 409.

GWIN, WILLIAM M. (Cal.): b. Tenn. 1805, d. 1885; M. D.; M. C. from Miss. 1841-43; mem. Cal. Const. Conv. 1849; U. S. Sen. 1850-55, 1857-61; connected with S. Confed. and Maximilian in Mex.; on transcont. R. R., III. 96; on Crittenden res., V. 434; *in re* Pacific R. R., X. 160.

H

HACKNEY, THOMAS (Mo.): b. Tenn. 1861; adm. bar 1886; mem. Mo. legis. 1901-02; M. C. 1907-09; on injunctions, XI. 326.

HADLEY, ARTHUR T. (Ct.): b. 1856; lecturer on R. R. adminis., prof. polit. sci., and polit. econ., pres. (1899) Yale U.; introduct. on land and R. Rs. by, I. 1 *ss*; on R. Rs., X. 368-369, 450.

HALE, EUGENE (Me.): b. 1836; adm. bar 1857; M. C. 1869-79; U. S. Sen. 1881-1911; on intervention in Cuba, III. 145.

HALE, JOHN P. (N. H.): b. 1806, d. 1873; adm. bar 1830; U. S. atty. for N. H. 1834-40; M. C. 1843-45; speaker N. H. legis. 1846; U. S. Sen. 1847-53, 1855-65; min. to Sp. 1865-69; on recog. Louis Kossuth, II. 267 *ss*; on *Trent* affair, II. 380; on purchase of Cuba, III. 95; on fug. slave law, IV. 239; on Pres. Pierce's an. mess., IV. 374, 375; on John Brown affair, V. 198 *ss*; R. M. T. Hunter on, V. 201, 202; on secession, V. 308, 309; opinion by, replied to, 310 *ss*, 319; Geo. E. Pugh on opinion by, V. 337; on preserv. of Union, V. 339 *ss*, 367, 368; on slavery in D. C., VI. 134 *ss*; on abol. of slavery, VI. 399 *ss*; on Freedmen's Aid bill, VII. 178; defends State monopolies, X. 224-6.

HALE, SIR MATTHEW (Eng.): b. 1609, d. 1676; adm. bar 1637; lord chief just. 1671-76; on arrests for treason, VI. 293, 294.

HALFORD, MAJ. ELIJAH W. (D. C.): b. Eng. 1843; editor in Ind. and Ill. 1870-89; pvt. sec. to Pres. Harrison 1889-93; maj. and lit.-col. U. S. A. 1893-1907; quoted, XI. 440.

HALL, URIEL S. (Mo.): b. 1852; adm. bar; farmer; M. C. 1893-97; on income tax, XII. 406, 407.

HALL: authority on international law, quoted, III. 137, 315.

HALLECK, HENRY W., GEN.: b. 1815, d. 1872; grad. W. Pt. 1839; in Mex. war; gen.-in-chief Union armies 1862-64; on purchase of Alaska, quoted, II. 417, 419; in charge Dept. of Mo., VI. 123; policy of, toward fug. slaves, 124.

HALLETT, MOSES (Col.): b. Ill., 1834; adm. bar Ill. 1858; mem. Col. Terr. council 1863-65; chief just. Col. Sup. Ct., 1866-76; U. S. dist. judge Col. 1877-1906; opposes woman suf., VIII. 399.

HALSEY, HOPKINS (Ga.): M. C. 1835-39; withdraws from House, IV. 131.

HALSTEAD, MURAT (O.): b. 1829, d. 1908; author; ed. Cinti. *Commercial*; caricatures of, IX. 103, 133.

HAMILTON, ALEXANDER (N. Y.): b. Brit. W. Indies 1757, d. 1804; came to U. S. 1772; in Cont. army 1776-77; Cont. Cong. 1782-83, 1787-88; mem. N. Y. legis. and Const. Conv. 1787; Sec. U. S. Treas. 1789-95; lawyer; polit. writer; in N. Y. Const. Conv., I. 3, 4, 361; on Cong. com. to draft address to States, I. 260; proposes a Const. Conv., I. 276; on tariff, I. 279 *ss*; apptd. del. to Const. Conv. 280; in Const. Conv., I. 299, 300, 305 *ss*, 326, 335, 336; text of plan by, I. 312, 313; in ratification of Const. by N. Y., I. 349; author of "The Federalist," I. 379, 386 *ss*; on French alliance, II. 8; defends Pres.'s proclam. of neutrality, II. 9 *ss*; James Madison on, II. 18; Jefferson on, II. 55; on com. treaty with G. B., II. 55; apptd. gen. by Washington, II. 85; tribute to, by Seward, V. 429; Watterson on, VI. 1; on powers of Cong., quoted, VI. 168; on arbitrary imprisonments, quoted, VI. 297; attacks John Adams, VII. 89; quoted, VIII. 103; quoted by Boutwell, IX. 70; quoted on Pres. election, IX. 120; on pub. domain, X. 2; rept. on mfrs. by, XII. 9; plan for int. rev. by, XII. 9, 13; on taxation, cited, XII. 113; rept. on mfrs. by, ref., X. 379; on pub. debt, XIII. 8; rept. on pub. credit, XIII. 8; accused of hostility to repub. principles and State's rights, XIII. 21; unpopularity of, XIII. 21; res. of W. B. Giles agt., XIII. 22; reply of, to Giles' res., XIII. 22; inquiry into offic. conduct of, XIII. 22; exonerated, XIII. 23; plan for redemp. of pub. debt of, XIII. 23, 24, 25; rept. on pub. credit, XIII. 23; recom. charter of nat. bk., XIII. 32; quoted, XIII. 191, 197, 239; XIV. 16, 112, 113; ref. XIV. 280, 342; portrait, XIII. front.

HAMILTON, ANDREW J. (Tex.): b. Ala. 1815, d. 1875; Tex. Pres. elector 1856; M. C. 1859-61; appt. milit. gov. Tex. 1862; provis. gov. 1865; mem. loyalists' conv. 1866; apptd. provis. gov., VII. 276; at Southern Loyalists' conv., VII. 452.

HAMILTON, EDWARD L. (Mich.): b. 1857; adm. bar. 1884; M. C. 1897—; on single tax, X. 100 *ss*.

HAMILTON, JAMES (S. C.): b. 1789, d. 1857; lawyer; in war 1812; S. C. legis. sev. terms; M. C. 1821-29; gov. S. C. 1830-32; on tariff of 1828, XII. 55, 56.

HAMLIN, HANNIBAL (Me.): b. 1809, d. 1891; adm. bar. 1833; mem. Me. legis. 1836-40, 1847; speaker 1837, 1839, 1840; M. C. 1843-47; U. S. Sen. 1848-57, 1858-61, 1869-81; gov. Me. 1857; V.-Pres. 1861-65; nom. for V.-Pres., V. 263; Louis T. Wigfall on election of, V. 353, 354; does not vote on Crittenden res., V. 434, 435; letter of Lincoln to, on emancipation proc., VI. 219; ruling of, VI. 413; repts. on bill restrict. Chinese immigra., XI. 232, 252 *ss*.

HAMMOND, JAMES H. (S. C.): b. 1807, d. 1865; adm. bar 1827; M. C. 1835-36; gov. S. C. 1842-44; U. S. Sen. 1857-60; on slavery, quoted, V. 181-182; meeting at residence of, V. 269, 270; resigns from Sen., 276.

HANCOCK, JOHN (Mass.): b. 1737, d. 1793; trained for business; mem. prov. legis. 1766-72; exempted from pardon by Gage 1775; mem. Cont. Cong. 1775-80, 1785-86; its pres. 1775-77; maj.-gen. Mass. militia in Rev. War; mem. Mass. Const. Conv. 1780; gov. 1780-85, 1787; oration on Boston massacre by, I. 78; elected pres. 2d Cont. Cong., I. 105; remark by, on signing Dec. of ind., I. 198; ref., XII. 143.

HANCOCK, WINFIELD S. (Pa.): b. 1824, d. 1886; grad. W. Pt. 1844; in Mex. War; maj.-gen. in Civil War; unsuccessful Dem. cand. for Pres. 1880; caricature of, XII. 181; letter on tariff by, XII. 182; ref., XIV. 236.

HANNA, MARCUS A. (O.): b. 1837, d. 1904; merchant; banker; U. S. Sen. 1897-1904; on Panama Canal, III. 397 *ss*; on comm. on ship subsidies, XI. 187, 197; portrait, III. 398.

HANNEGAN, EDWARD A. (Ind.): b. O., d. 1859; adm. bar; mem. Ind. legis. sev. terms; M. C. 1833-37; U. S. Sen. 1843-49; min. to Prus. 1849-50; on Oregon boundary, II. 308, 309, 318, 319.

HARDENBERGH, AUGUSTUS A. (N. J.): b. 1830, d. 1889; banker; State R. R. dir. 1868; M. C. 1874-78, 1881-83; on national banks, XIII. 235, 238, 258, 259, 260, 273.

HARDIN, BENJAMIN (Ky.): b. Pa. 1784, d. 1852; Ky. State repr. 1810-11, 1824-25; State Sen. 1828-32; M. C. 1815-17, 1819-23, 1833-37; Ky. Sec. of State 1844-47; mem. Const. Conv. 1849; on Mo. Comp., IV. 81.

HARDY, RUFUS (Tex.): b. Miss., 1855; adm. bar 1875; Tex. dist. judge 1888-96; M. C. 1907—; on single tax, X. 106.

HARLAN, JAMES (Ia.): b. Ill. 1820, d. 1899; pres. Ia. Wesley. U. 1853; U. S. Sen. 1855-65, 1867-73; Sec. of Int. 1865-66; mem. peace conv. 1861; loyalists' conv. 1866; pres. judge court of com'rs on *Ala.* claims 1882-85; in debate on conciliation bill, V. 425; on slavery in D. C., VI. 152 *ss*; in debate on freedom of ballot, VI. 360; his position on reconstruct., VII. 272.

HARLAN, JOHN M. (Ky.): b. 1833, d. 1911; Pres. elector 1860; in Un. army 1861-63; atty.-gen. Ky. 1863-67; mem. La. comm. 1877; assoc. just. U. S. Sup. Ct. 1877-1911; one of arbitrators on Bering Sea tribunal 1893; prof. const. law Geo. Washington U. from 1889; on Alaska, cited, III. 251; on R. Rs., X. 457; on injunctions, XI. 334; on income tax, XII. 409, 410.

HARNEY, WILLIAM H., GEN. (Tenn.): b. 1800, d. 1889; joined army 1818; in Mex. War; occupied San Juan, claimed by Brit. 1859; maj.-gen. in Civil War; replaced by Capt. Lyon, VI. 57, 58.

HARPER, IDA HUSTED (N. Y.): b. Ind.; author and editor; on woman suf., VIII. 377, 381, 382, 398.

HARPER, ROBERT G. (S. C. and Md.): b. Va. 1765, d. 1825; adm. bar 1786; M. C. from S. C. 1795-1801; maj.-gen. in 1812 war; Sen. from Md. 1816; on relations with France, II. 71, 77, 78; on relations with G. B., II. 79; on deportation of aliens, VII. 41, 44; on sedition law, VII. 60, 67, 82; on the provis. army, IX. 184, 198.

HARRIS, CICERO W.: book by, on tariff, ref. to, XII. 379.

HARRIS, IRA (N. Y.): b. 1802, d. 1875; adm. bar 1827; mem. legis. 1844-45; Sen. 1846; Const. Conv. 1846; just. N. Y. Sup. Ct. 1847-59; U. S. Sen. 1861-67; mem. Const. Conv. 1867; mem. reconstruction comm., VII. 306.

HARRIS, ISHAM G. (Tenn.): b. 1818, d. 1897; adm. bar 1841; in legis. 1849-53; gov. 1857-62; in Confed. army 1862-65; U. S. Sen. 1877-97; refuses Lincoln's call for troops, VI. 57; authorized to enlist negroes, VI. 247-248; *in re* R. R. regulation, X. 357, 377-378; signs min. rept. on tariff reduct., XII. 257.

HARRIS, JOHN T. (Va.): b. 1825, d. 1899; adm. bar 1847; U. S. atty. 1852-59; Pres. elector 1856; M. C. 1859-61, 1871-81; in Va. legis. 1863-65; judge 1866-69; ref. to, VIII. 210.

HARRIS, WILLIAM A. (Kan.): b. Va. 1841, d. 1909; in Confed. army; went to Kan. 1865; civ. eng. in R. R. construct.; M. C. 1893-95; U. S. Sen. 1897-1909; opinion by, III. 401.

HARRISON, BENJAMIN, COL. (Va.): b. abt. 1740, d. 1791; mem. house of burgesses 1764; of correspond. comm. 1773; del. to Cont. Cong. 1774-78; Speaker Va. burgesses 1778-82; gov. 1782-84; oppos. rat. Fed. Const. 1788; oppos. P. Henry, I. 159; in debate on Confederation, I. 241.

HARRISON, BENJAMIN, PRES. (Ind.): b. O. 1833, d. 1901; Ind. Sup. Ct. reporter 1860, 1865-69; brig-gen. in Civil War; U. S. Sen. 1881-87; elected Pres. 1888; defeated for 2d term 1892; atty. for Venez. in bound. dispute with G. B. 1900; submits Hawaiian annex. treaty to Congress, III. 170; on Mormon Pres. Woodruff's manifesto, VIII. 472; on Pacific R. Rs. subsidy, X. 287; recommends ship subsidies, XI. 137; record of, on Chinese question, XI. 264; elected Pres., XII. 260; caricature of, XII. 267.

HARRISON, PRES. WILLIAM HENRY (O.): b. Va. 1773, d. 1841; in army 1791-97; Sec. N. W. Terr. and its del. in Cong. 1799-1800; gov. Ind. 1801-13; maj.-gen. in 1812 war; defeated Brit. and Indians, Tippecanoe, 1811; M. C. 1816-19; Pres. elector 1821, 1825; U. S. Sen. 1825-28; min. to Colombia, 1828-29; Pres. one month, 1841; elected Pres., XIII. 161; inaug. address on Pres. power over the purse, XIII. 161; calls extra sess. to revise Treas. system, XIII. 163; dies, XIII. 163.

HARTE, FRANCIS BRET (Cal.): b. N. Y. 1839, d. 1902; journalist, novelist, poet; U. S. consul, Crefeld, 1878-80; Glasgow 1880-85; quoted, *in re* Chinese labor, XI. 225.

HARTER, MICHAEL D. (O.): b. 1846, d. 1896; M. C. 1891-95; vote by, for single tax, ref., XII. 408; on silver purchase repeal, XIV. 304, 305, 306.

HARTLEY, DAVID (Eng.): b. 1729, d. 1813; opposed war with Am.; signed peace treaty 1783; on reconciliation with America, I. 112, 113; min. to make treat I. 237.

HARTLEY, THOMAS (Pa.): b. 1748, d. 1800; adm. bar; col. in Rev. War; in Pa. legis.; M. C. 1789-1800; mem. Pa. Const. Conv. 1783; on petitions against slave trade, IV. 10, 12, 18.

HARVEY, WILLIAM H. (Ark.): b. W. Va. 1851; author; his "Coin's Financial School," XIV. x.

HASTINGS, WARREN (Eng.): b. 1732, d. 1818; 1st Brit. gov. gen. India; impeached by Burke; trial 1788-95; acquitted; case of, ref. to by Pruyn, IX. 64.

HATCH, FRANCIS M. (Haw.): b. N. H., 1852; prac. law Honolulu 1878-1904; min. for. affairs Repub. of Haw. 1894-95; envoy to U. S. 1895-98; signed annex. treaty; just. Haw. Sup. Ct. 1904-05; Champ Clark on, III. 206, 207.

HAY, JOHN (D. C.): b. Ind. 1838, d. 1905; adm. bar; pvt. sec. Pres. Lincoln 1861; col. in Civil War; sec. leg. Paris 1865-67; chargé Vienna 1867-68; sec. leg. Madrid 1868-70; 1st Asst. Sec. State 1879-81; ambass. to G. B. 1897-98; U. S. Sec. of State 1898-1905; editor, author, poet; negotiates canal treaty, III. 357 *ss*; James R. Mann on, III. 373; agrees upon canal convention (1902), III. 407; correspondence of, with Lord Lansdowne, cited, III. 442, 443; caricature of, III. 382. Cf. HAY TREATIES in Index II.

HAYES, RUTHERFORD B. (Ohio): b. 1822, d. 1893, adm. bar 1845; brev. maj.-gen. in Civil War; M. C. 1865-67; gov. O. 1868-72, 1875-76; declared elected Pres. 1877; retired 1881; conciliates the South, VIII. 235; recommends lands in severalty for Indians, VIII. 287 *ss*; on polyg. in ann. mess., VIII. 456; vetoes bill forbidding troops at polls, reasons for, IX. 171-176; veto of Civil Approp. bill, reasons for, IX. 179; vetoes Chinese exclus. bill, XI. 259; on "Public faith and the silver question," XIV. 54; vetoes Allison monetary conf. bill, XIV. 138; ref. to, XIV. 197; caricature of, IX. 133.

HAYNE, ISAAC W. (S. C.): atty.-gen. of State 1861; demands surrender of Fort Sumter, V. 283.

HAYNE, ROBERT Y. (S. C.): b. 1791, d. 1839; adm. bar 1812; in 1812 war; mem. S. C. legis. 1814-18 (speaker last year); atty.-gen. 1818-22; U. S. Sen. 1823-32; chair'n State Conv. which reptd. ord. nullification 1832; gov. 1832-34; debate with Webster, ref. to, I. xv.; on Panama Congress, II. 235 *ss*; on colonization of freedmen, IV. 100 *ss*; on Hartford Conv., V. 24 *ss*; on tariff of 1828, V. 33 *ss*; in debate with Webster on "consolidation" and "nullification," V. 36 *ss*; X. 9 *ss*; elected gov. S. C., mess. by, on secession measures, V. 80; proc. by, quoted, 89; on pensions, IX. 262-271; portrait, V. 38.

HAYWOOD, WILLIAM H. (N. C.): b. 1801, d. 1852; adm. bar; mem. N. C. legis. 1831, 1834-36 (speaker last year); U. S. Sen. 1843-46; on Ore. bound., II. 317; Edward A. Hannegan on, II. 318, 319.

HAZELTON, GEORGE C. (Wis.): b. N. H., 1833; adm. N. Y. bar; dist. atty. Wis. 1864-67; State sen. 1867-71; M. C. 1877-81; on nat. bks., XIII. 267, 268.

HEARST, GEORGE (Cal.): b. Mo. 1820, d. 1891; miner, farmer; U. S. Sen. from Cal. 1886-91; on silver purchase, XIV. 228.

HEARST, WILLIAM RANDOLPH (N. Y.): b. Cal. 1863; ed. and pub'r.; M. C. from N. Y. 1903-07; defeated for mayor N. Y. C. 1905, 1909; for gov. 1906; *in re* Pacific R. Rs. fund. bill, X. 399, 311-313, 318-320; advocates govt. ownership coal mines, X. 428.

HEATH, JOHN (Va.): M. C. 1793-97; on petition of fugitive freedmen, IV. 30.

HEISTER, JOSEPH (Pa.): b. 1752, d. 1832; in Rev. army; mem. Pa. Const. Conv. 1776, 1790; in legis. 5 yrs.; in Sen. 4 yrs.; M. C. 1797-1805, 1814-20; maj.-gen. militia 1807; gov. 1820-23; caricature of, IV. 40.

HELPER, HINTON R. (D. C.): b. N. C. 1829, d. 1909; author; book by —"The Impending Crisis"—endorsed by John Sherman, V. 209; Louis T. Wigfall on, V. 353.

HEMPHILL, JOHN J. (S. C.): b. 1849; adm. bar 1870; mem. legis. 1876-82; M. C. 1883-93; quoted, XIV. 196.

HEMPHILL, JOSEPH (Pa.): b. 1770, d. 1842; adm. bar; M. C. 1801-03, 1819-27, 1829-31; on Mo. Comp., IV. 81 *ss*; opinion by, quoted, IV. 88; on tenure of office of judges, IX. 511.

HENDERSON, ARCHIBALD (N. C.): b. 1768, d. 1822; adm. bar; M. C. 1799-1803; mem. N. C. assem. 1807-08, 1819; on tenure of office of judges, IX. 509.

HENDERSON, DAVID B. (Ia.): b. Scot. 1840, d. 1906; in Civil War; adm. bar 1865; coll. int. rev. Ia. 1865-69; asst. U. S. atty. 1869-71; M. C. 1883-1903; Speaker 1899-1903; on powers of Speaker, IX. 391; on R. R. fund. bill, X. 287; on McKinley tariff, XII. 280.

HENDERSON, JOHN B. (D. C.): b. Va. 1826, d. 1913; adm. bar 1848; mem. Mo. legis. 1848, 1856-57; Pres. elector 1856, 1860; mem. Mo. Conv. on Secession 1861-63; U. S. Sen. 1862-69; U. S. atty. to pros. "Whisky ring," St. Louis, 1875; mem. Pan-Am. Cong. 1889-90; drafted XIIIth Amend. to Fed. Const.; on compensated emancipation bill, VI. 183 *ss*; vote by, 188; on Freedmen's Aid bill, VII. 176; on civil rights, VII. 395; reconstruct., VIII. 56; introduces bill for manhood suffrage, VIII. 97; presents Mrs. Gerrit Smith's memorial on woman suff., VIII. 314, 315; on reduct. of currency, XIII. 344, 346.

HENDRICKS, THOMAS A. (Ind.): b. O. 1819, d. 1885; adm. bar 1843; Ind. State repr. 1848; State sen. 1849; M. C. 1851-55; com'r. gen. land office 1855-59; U. S. Sen. 1863-69; gov. 1872-76; defeated for V.-Pres. 1876; elected V.-Pres. 1884; vote by, on XIIIth Amend., VI. 413; on Freedmen's Aid bill, VII. 173; on civil rights, VII. 386, 402; on XIVth Amend., VII. 446; on equal male suff., VIII. 35; on reconstruct., VIII. 56, 68; on manhood suff., VIII. 100; on XVth Amend., VIII. 142, 143; on tenure of office, IX. 29; on recess appts., IX. 29; caricatures of, XIII. 418, 419.

HENDRIX, JOSEPH C. (N. Y.): b. Mo. 1853, d. 1904; banker; M. C. 1893-95; on silver purchase repeal, XIV. 307.

HENLEY, BARCLAY (Cal.): b. Ind. 1843; adm. bar 1864; Pres. elector 1880; M. C. 1883-87; *in re* R. R. land grants, X. 269; introduces Chinese exclu. bill, XI. 263.

HENRY, PATRICK (Miss.): b. 1843; in Civil War 1861-65; adm. bar 1873; mem. legis. 1878, 1890; mem. Const. Conv. 1890; M. C. 1897-1901; mem. Miss. sen. 1903-07; on annex. of Hawaii, III. 183.

HENRY, PATRICK (Va.): b. 1736, d. 1799; adm. bar 1760; mem. burgesses 1765; in Cont. Cong. 1774-76; gov. 1776-79, 1784-86; mem. com. on Fed. Const. 1788; declined U. S. Sec. State and Min. to France; Stamp Act res. by, I. 22 *ss*; speech by, in Cont. Cong., I. 90, 91; opposes Galloway's plan of union, I. 91, 92; on controversy with G. B., I. 98; res. of, on war with G. B., I. 159; "Liberty or Death," I. 160 *ss*; on comm. of def., I. 162; in Va. Const. Conv., I. 366, 367, 369; declines to serve on embassy to France, II. 86; ref. to, VI. 401; Sumner on, VI. 404, 407; ref. to, XIII. 43; quoted, XIV. 5; portrait, I. frontispiece.

HENRY, ROBERT L. (Tex.): b. 1864; adm. bar 1886; asst. atty.-gen. Tex. 1893-96; M. C. 1897—; *in re* R. R. rate regulation, X. 419, 456 *ss*; introduces bill to reg. injunctions, XI. 321; on income tax, XII. 427.

HEPBURN, WILLIAM P. (Ia.): b. O. 1833; adm. bar 1854; in Civil War 1861-65; Pres. elector 1876, 1888; M. C. 1881-87, 1893-1909; solicitor U. S. Treas. 1888-93; on annex. of Hawaii, III. 228; on Nicar. Canal, III. 359 *ss*, 369, 384 *ss*, 391; supports R. R. fund. bill, X. 314-316; *in re* R. R. rate reg., X. 415, 481-486; on liquor tax, XI. 390; introduces pure food bill, XI. 451; portrait, XI. 452.

HERBERT, HILARY A. (D. C.): b. S. C. 1834; adm. bar 1857; in Confed. army 1861-64; M. C. from Ala. 1877-93; Sec. of Navy 1893-97; on ship subsidies, XI. 140, 146.

HERNDON, WILLIAM H. (Ill.): b. Ky. 1818, d. 1891; law partner of A. Lincoln from 1843; author of "Life of Abraham Lincoln"; remark by, on speech by Lincoln, V. 109.

HEROLD, DAVID E.: one of the Lincoln conspirators: executed July 7, 1865; Booth's threat related by, VII. 268.

HEWITT, ABRAM S. (N. Y.): b. 1822, d. 1903; adm. bar 1845; iron mercht.; com'r. to Paris Expos. 1867; M. C. 1875-79, 1881-86; mayor New York, 1887-88; opposes Henry George, X. 69; on liquor tax, XI. 398; on tariff comm., XII. 194 *ss*; ref. to, VII. 210, 279; on nat. bks., XIII. 239 *ss*; on repeal of specie resump. act, XIII. 418; on free coin. silver, XIV. 54, 201; on legal tend. silver, XIV. 69; on monetary comm., XIV. 74; on internat. monetary conf., XIV. 76.

HEYBURN, WELDEN B. (Ida.): b. Pa. 1852, d. 1912; adm. bar 1876; went to Ida. 1883; U. S. Sen. 1903-12; introd. pure food bill, XI. 459; on income tax, XII. 415, 417, 418.

HICKMAN, JOHN (Pa.): b. 1810, d. 1875; adm. bar 1833; M. C. 1855-63; on compensated eman., VI. 179 *ss*; report by, against confis. bill, VI. 206.

HICKS, THOMAS H. (Md.): b. 1798, d. 1865; State repr. 1836; gov. Md. 1858-62; opposed secession; U. S. Sen. 1863-65; refusal by, to call legis. in special sess., V. 279; request by, for protect. of free ballot, quoted, VI. 351.

HIGBY, WILLIAM (Cal.): b. N. Y. 1813; adm. bar; went to Cal. 1850; dist. atty. 1853-59; State sen. 1862-63; M. C. 1863-69; mem. loyalists' conv. 1866; on purchase of Alaska, II. 422.

HIGGINS, EDWIN W. (Conn.): b. 1874; adm. bar 1897; M. C. 1905-13; on woman suff., VIII. 382, 386, 387, 388.

HILL, BENJAMIN H. (Ga.): b. 1823, d. 1882; adm. bar 1845; State repr. 1851, 1859, 1860; Pres. elector 1861; mem. conv. on secession 1861; mem. Confed. Provis. Cong.; Confed. sen.; M. C. 1875-77; U. S. Sen. 1877-82; on legal tend. of silver, XIV. 67 *ss.*

HILL, DAVID B. (N. Y.): b. 1843, d. 1910; adm. bar 1864; mem. N. Y. assem. 1871-72; lt.-gov. 1882-85; gov. 1885-91; U. S. Sen. 1891-97; on relations with Cuba, III. 112; advocates govt. ownership of coal mines, X. 428; opposes income tax, XII. 408.

HILL, EBENEZER J. (Ct.): b. 1845; business man; M. C. 1895-1913; mem. Ways and Means; on income tax, XII. 421, 422; on reciprocity, XII. 433 *ss*, 444, 445.

HILL, NATHANIEL P. (Col.): b. N. Y. 1832, d. 1900; chemist; miner; mem. Col. Terr. Council 1872-73; U. S. Sen. 1879-85; mem. internat. monetary comm. 1891; on our Indian policy, VIII. 300.

HILLHOUSE, JAMES (Ct.): b. 1754, d. 1832; adm. bar; in Rev. War; M. C. 1791-95; U. S. Sen. 1796-1810; mem. Hartford conv. 1814-15; treas. Yale Coll. 1782-1832; on embargo, II. 143, 144, V. 45; Webster on, V. 55, 56.

HILLIARD, HENRY W. (Ala.): b. N. C. 1808, d. 1892; adm. bar Ga. 1829; prof. U. of Ala. 1831-34; mem. Ala. legis. 1836-38; Pres. elector 1840; chargé to Belg. 1842-44; M. C. 1845-51; in Confed. army; min. Braz. 1877-81; on Ore. bound., II. 322.

HILLSBOROUGH, LORD (Eng.): b. 1718, d. 1793; Brit. Sec. of State for Colonies, 1768-72; letter to Gov. of Mass. by, I. 72 *ss.*

HINDMAN, THOMAS C. (Ark.): b. Tenn. 1818, d. 1868; adm. bar; in Mex. War; M. C. from Ark. 1859-61; Confed. maj.-gen.; killed by former soldier; plan of conciliation by, V. 437.

HINDS, ASHER C. (Me.): b. 1863; editor 1884-1902; parl. clk. U. S. House of Reprs. 1895-1911; M. C. 1911—; on recip., XII. 442, 443.

HISCOCK, FRANK (N. Y.): b. 1834; adm. bar 1855; dist. atty. 1860-63; mem. N. Y. Const. Conv. 1867; M. C. 1877-87; U. S. Sen. 1887-93; on "original package" bill, XI. 414; on silver purchase, XIV. 268.

HISE, ELIJAH (Ky.): b. 1802, d. 1867; chargé to Guat. 1848-49; Pres. elector 1856; M. C. 1866-67; negotiates treaty with Nicar., III. 327 *ss*; instructions to, III. 332.

HITCHCOCK, ETHAN A. (Mo.): b. Ala. 1835, d. 1909; mercht., mfr.; min. and ambass. to Rus. 1897-99; Sec. of Int. 1899-1907; attacked, X. 128-129.

HITT, ROBERT R. (Ill.): b. O. 1834, d. 1906; sec. leg. and chargé *ad int.* Paris 1874-81; Asst. Sec. State U. S. 1881; M. C. 1881-1907; chair'n For. Affairs comm. 1899-1901; com'r to est. govt. Hawaii 1898; on annex. of Hawaii, III. 172 *ss*; on Clayton-Bulwer Treaty, III. 369 *ss.*

HOAR, E. ROCKWOOD (Mass.): b. 1816, d. 1895; adm. bar 1840; judge com. pleas 1849-55; Mass. Sup. Ct. 1859-69; U. S. atty.-gen. 1869-70; mem. Joint High Com'n 1871; M. C. 1873-75; appointed on Joint High Commission, II. 444.

HOAR, GEORGE FRISBIE (Mass.): b. 1826, d. 1904; adm. bar 1849; mem. Mass. legis. 1852; Mass. sen. 1857; M. C. 1869-77; U. S. Sen. 1877-1904; mem. Electoral Comm. 1877; on recognition of Cuban ind., III. 149; on annex. of Hawaii, III. 236 *ss*; on Philippine quest., III. 254 *ss*, 277, 284 *ss*, 288 *ss*, 322; supports Bryan for Pres., III. 323, 324; on Panama rev., III. 420 *ss*; presents memorial on woman suff., VIII. 335; opposes pop. election of Senators, IX. 432-448; *in re* R. R. reg., X. 338; offers amend. to Sherman anti-trust law, XI. 67; on restriction of immigra., XI. 275; on "original package" bill, XI. 402; portrait, III. 236.

HOAR, SAMUEL (Mass.): b. 1778, d. 1856; adm. bar 1805; mem. Mass. Const. Conv. 1820; Mass. sen. 1825, 1833; M. C. 1835-37; sent by Mass. on special mission to S. C. 1844; Jacob W. Miller on, IV. 149; Webster on, IV. 216; Henry Wilson on, VI. 369.

HOBART, GARRET A. (N. J.): b. 1844, d. 1899; adm. bar 1866; N. J. legis. 1873-74 (Speaker last year); Sen. 1881-82 (pres. last year); V. Pres. 1897-99; deciding vote on the Philippines cast by, III. 332.

HOBSON, RICHMOND P. (Ala.): b. 1870; grad. naval acad. 1889; on construct. duty; in Sp.-Am. war; sank collier in Santiago harbor; resigned navy 1903; Pres. elector 1903; M. C. 1907—; on Socialism, XI. 376; on income tax, XIII. 426.

HOGARTH, WILLIAM (Eng.): b. 1697, d. 1764; painter and engraver; sketch by, of John Wilkes, I. 222.

HOLDEN, WILLIAM W. (N. C.): b. 1818, d. 1892; adm. bar 1841; ed. *Raleigh Standard* 1843-68; provis. gov. 1865; gov. 1868-71; impeached and deposed 1871; apptd. provis. gov. N. C., VII. 276; mess. of on K. K., VIII. 174; accused of fraud, VIII. 194.

HOLMAN, WILLIAM S. (Ind.): b. 1822, d. 1897; adm. bar; probate judge 1843-46; pros. atty. 1847-49; mem. Ind. Const. Conv. 1850; com. pleas judge 1852-56; M. C., except 3 terms, 1859-97; pop. known as "the Great Objector"; on Maritime Canal Co., III. 349; in debate on war-making power, VI. 70, 82 *ss*; on increase of navy, IX. 241 *ss*; *in re* filibustering, IX. 364 *ss*; on powers of Speaker, IX. 370; *in re* R. R. land grants, X. 275-279.

HOLMES, JOHN (Me.): b. Mass. 1773, d. 1843; adm. bar 1799; Mass. legis. 1802-03, 1813-17; M. C. 1817-20; mem. Me. Const. Conv. 1820; U. S. Sen. from Me. 1820-27, 1829-33; mem. Me. legis. 1835-38; State dist. atty. 1841-43; on censure of Gen. Jackson, VIII. 241 *ss.*

HOLMES, OLIVER WENDELL (Mass.): b. 1809, d. 1894; prof. anat. and physiol. Dartmouth Coll. 1839-41; of same, Harvard, 1847-82; author, etc.; ref. to, VIII. 310.

HOLST, HERMANN E. VON (Ill.): b. Rus. 1841, d. 1904; came to U. S. 1866; prof. hist. Strassburg 1872, Freiburg 1874, U. of Chicago 1892; Am. citizen 1897; his "Const. and Pol. Hist. of U. S.," I. xxiv.; on resol. of Jeff. Davis, V. 240.

HOLT, JOSEPH (Ky.): b. Ky. 1807, d. 1894; adm. bar 1828; apptd. U. S. com'r. of patents 1857; p. m. gen. 1859; Sec. of War 1860; judge-adv. gen. U. S. A. 1862; maj.-gen. 1865; retired 1875; on many courts martial and milit. commis.; apptd. Sec. War, V. 282.

HOOKER, RICHARD (Eng.): b. 1553, d. 1600; took orders 1581; most noted pub., defending Ch. of Eng.; on "Ecclesiastical Polity," cited, VI. 157.

HOOPER, SAMUEL (Mass.): b. 1808, d. 1875; mercht.; in Mass. legis. 1851-54; M. C. 1860-75; on Comm. Ways and Means., Bkg. and Curren., War Debts; quoted, XIII. 282.

HOOPER, WILLIAM H. (Ut.): b. Md. 1813; mercht. in Md. and Ill.; moved to Ut. 1850; mem. legis.; sec. Terr.; del. Cong. 1859-61, 1865-73; defends polyg., VIII. 443 *ss.*

HOPKINS, ALBERT J. (Ill.): b. 1846; adm. bar; Pres. elector 1884; M. C. 1885-1903; U. S. Sen. 1903-09; on ship subsidies, XI. 162; on Dingley tariff, XII. 332, 333.

HOPKINS, STEPHEN (R. I.): b. 1707, d. 1785; mercht.; mem. assem. and Speaker 1732-41; chf. just. Sup. Ct., 1751-54; mem. Albany conv. 1754; gov. 1755-57, 1758-62, 1763-65, 1767-68; del. in Const. Cong. 1774-80; signed Dec. Ind.; in debate on Confederation, I. 245, 246.

HOPKINSON, JOSEPH (Pa.): b. 1770, d. 1842; adm. bar 1791; M. C. 1815-19; U. S. dist. judge 1828-42; mem. Pa. Const. Conv. 1837; author "Hail Columbia"; on censure of Gen. Jackson, VIII. 256.

HORR, ROSWELL G. (Mich.): b. Vt. 1830, d. 1896; adm. bar 1863; M. C. 1879-85; on *N. Y. Tribune* 1891-96; on tariff commis., XII. 193.

HOTCHKISS, GILES W. (N. Y.): b. 1815, d. 1878; adm. bar; M. C. 1862-71; on reconstruct., VIII. 60.

HOUK, LEONIDAS C. (Tenn.): b. 1836, d. 1891; adm. bar 1859; in Un. army 1861-63; circuit judge 1866-70; Pres. elector 1872, 1876; M. C. 1879-93; on powers of Speaker, IX. 392.

HOUSTON, JOHN W. (Del.): b. 181-, d. 1896; adm. bar 1834; M. C. 1845-51; del. Peace Conf. 1861; on relations with Mex., II. 363.

HOUSTON, GEN. SAMUEL (Tex.): b. Va. 1793, d. 1863; in Creek War 1813-14; adm. bar; M. C. from Tenn. 1823-25; gov. Tenn. 1827-29; went to Tex. 1833; Pres. Tex. Repub. 1836-38, 1841-44; mem. Tex. Cong. 1838-40; U. S. Sen. 1846-59; gov. 1859-61; deposed 1861; capture of Santa Anna by, II. 334; on war with Mex., II. 346, 347; on terr. govt., quoted, IV. 202; on slavery, IV. 163, 164; refusal by, to call legis. in special sess., V. 276.

HOWARD, JACOB M. (Mich.): b. Vt. 1805, d. 1871; moved to Mich. 1832; adm. bar 1833; in legis. 1838; drafted platf. of first Repub. conv. 1854; atty.-gen. 6 yrs.; U. S. Sen. 1862-71; on milit. interfer. with elections, VI. 347 *ss*; on Freedmen's Aid Bill, VII. 169; on reconstruct., VII. 298, 306; on civil rights, VII. 383; on XIVth Amend., VII. 440; on Pres. Johnson's 3d message, VIII. 79, 84; on tenure of office, IX. 29; on recess appts., IX. 29; appts. civil serv. ref., IX. 329.

HOWARD, GEN. OLIVER O. (Vt.): b. Me. 1830, d. 1909; grad. W. Pt. 1854; in Seminole War; maj.-gen. in Civil War; pres. Howard U. 1869-73; founder Lincoln Memorial U. 1895; author, lecturer; apptd. commis. of Freedmen's Bureau, VII. 183.

HOWARD, WILLIAM A. (Me.): b. 1807, d. 1871; capt. U. S. rev. mar. serv. 1828; built navy yard and dock for Ger. govt. 1848; in Civil War; raised U. S. flag in Alaska after its transfer by Rus. 1867; sent to explore Alaska, II. 417.

HOWARD, WILLIAM ALANSON (Mich.): b. Vt. 1813, d. 1880; adm. bar, Mich., 1842; M. C. 1855-61; apptd. gov. Dak. Terr. 1878; investigates affairs in Kan., IV. 324; mem. conf. com., V. 107; on secession of S. C., V. 439.

HOWE, DR. SAMUEL G. (Mass.): b. 1801, d. 1876; surg. in Greek war 1824-27; est. schools for the blind and idiots; special commis. to San Dom. 1871; on commis. to investigate San Dom., III. 45.

HOWE, TIMOTHY O. (Wis.): b. Me. 1816, d. 1883; moved to Wis. 1845; judge 1850-55; U. S. Sen. 1861-69; del. to internat. monetary conf. 1881; P. M.-Gen. 1881; on abol. of slavery, VI. 390, 391; on tenure of office, IX. 13, 15, 18; on restricting Chinese immigra., XI. 248; on reduct. of currency, XIII. 346, 349, 350; on internat. monetary conf., XIV. 97 *ss.*

HOWLAND, PAUL (O.): b. 1865; prac. law from 1890; M. C. 1907—; in Sp.-Am. War; on recip., XII. 443.

HUBBARD, JOEL D. (Mo.): b. 1860; physician; M. C. 1895-97; opposes R. R. fund. bill, X. 301, 302.

HUGHES, CHARLES (N. Y.): b. Ga.; adm. bar N. Y.; M. C. 1853-55;

provo. mar. 1862; on polyg., VIII. 426.
HÜLSEMANN, HENRY, BARON, Aust. chargé d'affaires: protest of, to State Dept. on recep. of Kossuth, II. 265; in the Koszta affair, VII. 120.
HUME, DAVID (Scot.): b. 1711, d. 1776; historian; quoted, XIII. 433.
HUMPHREYS, WEST H. (Tenn.): b. 1806, d. 1883; atty.-gen. Tenn. 1839; U. S. dist. judge 1853-62; impeached, IX. 71, 75, 76.
HUNT, WASHINGTON (N. Y.): b. 1811, d. 1867; adm. bar 1834; M. C. 1843-49; N. Y. comp. 1849-50; gov. 1850-52, IV. 237.
HUNTER, GEN. DAVID (D. C.): b. 1802, d. 1886; grad. W. Pt. 1822; maj.-gen. in Civil War; pres. comm. that tried Lincoln conspirators 1865; letter of Pres. Lincoln to, VI. 121; supersedes Gen. Frémont VI. 123; eman. proc. of, 130; Pres. Lincoln on, VI. 189, 190; report by, on employment of negro soldiers, VI. 232, 233; regarded as an "outlaw" by Pres. Davis, 234; letter of Pres. Lincoln to, on negro soldiers, 246; Trumbull on, VI. 364.
HUNTER, ROBERT M. T. (Va.): b. 1809, d. 1887; adm. bar 1830; M. C. 1837-43, 1845-47; Speaker 1839-41; U. S. Sen. 1847-61; Confed. Sec. State 1861-62; Confed. Sen. 1862-65; Va. treas. 1877-80; on bound., II. 329 *ss*; on slavery, IV. 168 *ss*; mem. conf. com., V. 107; on John Brown affair, V. 201 *ss*; on slavery, quoted, V. 225; on Concil. Bill, V. 423 *ss*; on tariff of 1857, XII. 90 *ss*.
HUTCHINS, WALDO (N. Y.): b. Conn. 1823, d. 1891; adm. bar; mem. N. Y. Const. Conv. 1867; M. C. 1879-85; on nat. bks., XIII. 237.
HUTCHINSON, THOMAS (Mass.): b. 1711, d. 1780; mem. gen. court 1737-39, 1740, 1741-49; speaker 1746-48; mem. Albany Conv. 1754; apptd. lt.-gov. 1756; chf. just. 1760; gov. 1770; superseded by Gen. Gage 1774; went to Eng. 1774; author of hist. of Mass.; unpopularity of, I. 38.

I

IDE, HENRY CLAY (Vt.): b. 1844; adm. bar 1871; comm'r Samoa 1891; chief justice Samoa 1893; app. commr. to Philippines, III. 323.
INGALLS, JOHN J. (Kan.): b. 1833, d. 1900; adm. bar 1857; mem. Wyandotte conv. to frame const. of Kansas 1859; Sen. 1873-1891; Pres. pro tem. Sen. 1889-1891; offers amendment to Sherman anti-trust law, XI. 67; quoted, XIV. 156; on silver purchase, XIV. 259, 260, 261, 262.
INGERSOLL, CHARLES JARED (Pa.): b. 1782, d. 1862; M. C. 1812-1814; 1841-1847; many important historical writings; on Oregon boundary, II. 322; on annex. of Texas, II. 336 *ss*.
INGERSOLL, EBEN C. (N. Y.): b. 1831, d. 1879; M. C. 1864-1871; impeachment of Pres. Johnson, IX. 86.
INGHAM, SAMUEL D. (Pa.): b. 1779, d. 1860; M. C. 1813-1818; 1822-1829; Sec. of Treas. 1829-1831; vainly uses official Treasury position for political ends, XIII. 64; ref. to, XIV, 171.
IREDELL, JAMES, 1ST (N. C.): b. 1750, d. 1799; adm. bar 1775; judge sup. court N. C. 1777; ass. just. Sup. Ct. of U. S. 1790; in N. C. Const. Conv., I. 360.
IREDELL, JAMES, 2ND (N. C.): b. 1788, d. 1853; judge sup. ct. N. C. 1819; gov. of N. C. 1827; Sen. 1828-1831; remarks by, on Webster-Hayne debate, V. 36.
IRVING, WASHINGTON (N. Y.): b. 1783, d. 1859; historian; min. to Spain 1842-46; ref., XIV. 200.
IRWIN, ADMIRAL, on increase of navy, cited, III. 222.
ITAJUBA, BARON D', Brazil, appointed on Geneva Commission, II. 444.
IVERSON, ALFRED (Ga.): b. 1798, d. 1873; M. C. 1846-48; Sen. 1855-61; on slavery, IV. 156; on dissolution of the Union, V. 180 *ss*; on John Brown affair, V. 208 *ss*; on right of secession, V. 310 *ss*; opinion by, V. 337; in debate on Conciliation Bill, V. 340; on disunion, quoted, V. 387.

J

JACKSON, ANDREW (S. C.): b. 1767, d. 1845; adm. bar 1788; mem. Const. Conv. Tenn. 1796; M. C. 1796-1797; Sen. 1797-1798; judge Sup. Ct. Tenn. 1798-1804; maj.-gen. 1814; gov. Fla. 1821; Sen. 1823; nom. for Pres. U. S. 1823; Pres. U. S. 1828-1836; on Louisiana Purchase, II. 104, 105; ref. to, *in re* Benton's "Thirty Years' View," I. xxiv, xxv.; Gen. Banks on, II. 410; favors interoceanic canal, III. 326; John M. Clayton on, III. 328, 333; on recognition of independence of Texas, quoted, III. 432, 433; on abolition pub., IV. 124; on U. S. Bank controversy, quoted, IV. 350; quoted in debate on Sumner affair, IV. 355; Burlingame on, IV. 360; Lincoln on, IV. 393, 394; on Const., quoted, V. 67; declares against nullification, V. 77; message by, on enforcement of revenue laws, V. 80; proc. by, against nullification, V. 81 *ss*; message by, on null., V. 88 *ss*; Tyler on, V. 93, 94; prediction of, *in re* slavery, V. 105; on jud. decisions, cited, V. 135; on circulation of abolition lit., quoted, V. 295; on secession, cited, V. 298; letter of, on nullification, quoted, V. 332 *ss*; on nature of Fed. Gov't, cited, V. 392, 403; on secession of S. C., cited, V. 404; on coercion of S. C., quoted, V. 441; James A. Bayard, Jr., on, VI. 50; Vallandigham on, VI. 76, 79; resolution by, against secession, VI. 103; on employment of negro soldiers, VI. 232; Pres. Lincoln on, VI. 323; treatment of Indians by, VIII. 237; sent to suppress Seminole outrages, VIII. 238; seizes Pensacola from Spaniards, VIII. 238; charged by Cong. with barbarities in Seminole War, VIII. 238, 239; quoted on Seminole war, VIII. 255; attitude toward Indians, VIII. 263; on Indian rights, in first message, VIII. 264 *ss*; fails to enforce jud. decree, VIII. 275; vetoes Maysville Turnpike bill, X. 157; vote by, on protective tariff bill, XII. 36, 37; suggests reduction of tariff, XII. 70; tries to crush Bank of U. S., XIII. 63 *ss*; vetoes bill renewing charter of U. S. Bank, XIII. 84; removes William J. Duane from Treas. and appoints Roger B. Taney, XIII. 92; removes deposits of Government from Bank of U. S., XIII. 92; censure of, for removal of deposits from Bank, U. S., XIII. 92 *ss*; message protesting against censure by Senate, XIII. 102 *ss*; resolution of censure of, expunged, XIII. 104; on inflation of currency, XIII. 106 *ss*; fails to consider, virtually vetoing Rives specie bill, XIII. 124; ref. to, XIV. 340; portrait, XIII. 84; caricatures of, II. 335; V. 79; XIII. 65, 107, 127, 139.
JACKSON, CLAIBORNE FOX (Ky.): b. 1807, d. 1862; bank comm'r. Mo. 1854-1859; gov. of Mo. 1860-1861; brig.-gen. Confed. army 1862-1863; refuses Lincoln's call for militia, VI. 57; forced to flee, 58.
JACKSON, F. J.: appointed Brit. Min. to U. S., II. 147.
JACKSON, HOWELL E. (Tenn.): b. 1832, d. 1895; adm. bar 1856; Sen. 1881-1886; just. U. S. Circuit Ct. 1886-1893; just. U. S. Sup. Ct. 1893-1895; vote by, on income tax, XII. 409.
JACKSON, JAMES (Ga.): b. 1757, d. 1806; mem. Const. Conv. Ga. 1777; M. C. 1789-1791; Sen. 1793-1795; gov. of Ga. 1798-1801; Sen. 1801-1806; on conquest of Louisiana, II. 97; on petitions against slave trade, IV. 8, 10, 13, 14; on tenure of office, IX. 502; on alcohol tax, XII. 9, 10; on speculation and repudiation XIII. 11.
JACKSON, M. (Brit.): opposes Stamp Act in House of Commons, I. 18.
JAMES, DARWIN RUSH (N. Y.): b. 1834, d. 1908; M. C. 1882-86; mem. U. S. Indian Commission 1890; on free coinage of silver, XIV. 142 *ss*.
JAMES, OLLIE MURRAY (Ky.): b. 1871; adm. bar 1891; M. C. 1903-1913; Sen. 1913; *in re* R. R. rate regulation, X. 430; on Payne tariff, XII. 388, 389; on income tax, XII. 422 *ss*.
JARVIS, LEONARD (Mo.): b. 1781, d. 1854; M. C. 1829-1837; on slavery in D. C., IV. 103.
JAY, JOHN (N. Y.): b. 1745, d. 1829; adm. bar 1768; mem. First Cont. Congress at Philadelphia 1774; app. Chief Justice N. Y. 1777; pres. Cong. 1777; Minister to Spain 1779-1793; Sec. Foreign Aff. 1784; Chief Jus. Sup. Ct. U. S. 1789-1794; Special Envoy to England 1794; gov. N. Y. 1794-1800; advocates Galloway's plan of colonial union, I. 91-92; draws address of Cont. Congress to the British people, I. 92, 93; on failure of Confederation, I. 278; joint author of "The Federalist," I. 379, 389; mission of, to G. B., II. 29, 32; concession from Spain secured by, II. 87, 88; treaty of, history of, II. 28 *ss*; on com. treaty with G. B., II. 55; Nathaniel Smith on, II. 76; Nicholas on, II. 111, 112; Jefferson on, II. 114, 115; portrait, II. 56.
JEFFERSON, THOMAS (Va.): b. 1743, d. 1826; adm. bar 1767; mem. Va. H. of Burgesses 1769; mem. Committee of correspondence 1773; mem. Continental Congress 1775-1776; chrm. committee to draft "Declaration of Independence" 1776; gov. of Va. 1779; elec. to Cong. 1783; Minister Plenipotentiary to Europe 1784; U. S. Minister at Paris 1785; Sec. of State 1789-1793; Vice-Pres. U. S. 1796-1800; Pres. U. S. 1800-1808; instructions by, on rights of colonies, I. 86; appointed on committee of colonial defense, I. 163; on com. on conciliation with G. B., I. 167, 168; account of debate on Decl. Indep., I. 187 *ss*; drafts Dec. of Ind., I. 191, 200; notes by, on debate on Confederation, I. 238 *ss*; on secrecy in Const. Conv., I. 285; Bryan on principles of, II. 2, 3; on French Alliance, II. 8; on Hamilton, II. 55; on relations with France, II. 83; letter on La., II. 89; on constitutionality of La. Purchase, II. 102, 103; on relations with G. B., II. 129, 130; in consultation with Monroe, II. 233; quoted on non-intervention, II. 285, 287; quoted on foreign relations, II. 295, 296; Thurman on, III. 11; Daniel on, III. 161; quoted in debate on annex. of Hawaii, III. 199, 205; Vest on, III. 250; Hoar on, III. 259; Spooner on, III. 314; on inferiority of African race, quoted, IV. 21; on colonization of freedmen, IV. 99; on State rights, quoted, IV. 129; Corwin on, IV. 152; Giddings on, IV. 233; Chase on, IV. 281, 282; Israel Washburn, Jr., on, IV. 326, 327; connection of, with Va. and Ky. resolutions, V. 2 *ss*, 11, 13, 15, 43; on internal improvements, V. 15, 16; on Fed. *vs.* State rights, V. 16, 43, 44; on Embargo, V. 69; on Constitution, V. 72; on judicial decisions, V. 135; bill by, on slavery in N. W. Ter., V. 247; on emancipation of Va. slaves, V. 258; Seward on, V. 433, VI. 16; on social equality, V. 442; on suspension of

writ of *habeas corpus*, VI. 87; on acquisition of territory, VI. 131; on emancipation, VI. 232; inspires resolutions against Sedition Law for Ky. legislature, VII. 90; first inaugural address of, VII. 116; ref. to, VII. 157; quoted, on negro, VIII. 12; attitude toward navy, IX. 202; source of parliamentary law, IX. 355; election of, IX. 401; accused by Federalists as hostile to Cons., XIII. 21; believes bill establishing Nat. Bank unconstitutional, XIII. 34; quoted, XIV. 16; ref. to, XIV. 280; 340, 342.

JEFFREYS, LORD GEORGE, Lord High Chancellor of England, characterized by William McAdoo, IX. 377.

JENCKES, THOMAS A. (R. I.): b. 1818, d. 1858; adm. bar 1840; M. C. 1862-1871; known as "The Father of Civil Service Reform"; on reconstruction, VII. 322.

JENKINS, JOHN J. (Wis.): b. 1843, d. 1911; adm. bar 1871; M. C. 1895-1909; judge of Porto Rico, 1910-1911; advocates govt. ownership of coal mines, X. 428; proposes anti-trust Const. amend., XI. 72.

JENKINS, TIMOTHY (N. Y.): b. 1799, d. 1859; adm. bar 1825; M. C. 1845-1849, 1851-1853; on Wilmot Proviso, IV. 137.

JENSEN, PROF., *in re* woman suffrage, VIII. 396.

JOHNSON, ANDREW (N. C.): b. 1808, d. 1875; M. C. 1843-1853; gov. of Tenn. 1853-1857; Sen. 1857; elec. Vice-Pres. of U. S. 1864; succeeded to Presidency on assassination of Abraham Lincoln 1865; impeached before Sen. 1868, but acquitted, as two-thirds vote was not obtained; Sen. 1875; impeachment of, ref. to, I. xiv.; ref. to, in debate on Nicaragua Canal, III. 361; on Conciliation Bill, V. 369 *ss*, 382, 419, 420; letter of Pres. Lincoln to, VI. 246; vetoes Freedmen's Aid Bill, VII. 195; proc. of amnesty by, VII. 274; appoints provisional governors in South, VII. 276; first annual message, VII. 288 *ss*; resolution of confidence in, voted down in Cong., VII. 362; vetoes first civil rights bill, VII. 407; on readmission of Tenn., VII. 447; reply to delegation from "Harmony" convention, VII. 451; condemned by James Speed at Southern Loyalists' convention, VII. 452; "swinging round the circle," in 1866, VII. 460; speeches, VII. 461; vetoes equal male suffrage bill, VIII. 36; second message of, VIII. 41 *ss*; vetoes reconstruction bill, VIII. 62; on powers of Cong., VIII. 64 *ss*; distrust of, by Congress, VIII. 71 *ss*; vetoes supplementary reconstruction bill, VIII. 73; message against military reconstruction, VIII. 74 *ss*; fourth message of, VIII. 97; characterized by Charles Sumner, IX. 51; veto message on tenure of office bill, IX. 54; impeachment of, IX. 56; suspends Sec. of War Stanton, IX. 78. 88; appoints L. Thomas Sec. War, IX. 78; appoints U. S. Grant Sec. War, IX. 78; *in re* N. O. "Massacre," IX. 86; trial of, before Senate, IX. 88, 90; nom. Thos. Ewing, Sr., Sec. War, IX. 90; supports homestead bill, X. 10, 48-50; importance of currency question in admin. of, XIII. 276; refuses to sign bill to prevent further reduction of currency, XIII. 351; portrait, VIII. frontispiece; caricatures of, VII. 199, 274, 407; IX. 60, 91, 93, 115.

JOHNSON, GEORGE (Va.): seconds Patrick Henry's Stamp Act Resolutions, I. 24.

JOHNSON, GROVE L. (Cal.): b. 1841; M. C. 1895-1897; supports R. R. funding bill, X. 308-313.

JOHNSON, HENRY UNDERWOOD (Ind.): b. 1850; adm. bar 1872; M. C. 1891-1899; in debate on annex. of Hawaii, III. 200, 211 *ss*.

JOHNSON, HERSCHEL V. (Ga.): b. 1812, d. 1880; adm. bar 1834; Sen. 1848-1849; judge sup. ct. 1849-1853; gov. of Ga. 1853-1857; Sen. in Confed. Con. 1862; judge circuit ct. 1873-1880; on slavery, IV. 162 *ss*; nom. Vice-Pres., V. 265; opposes secession, V. 278.

JOHNSON, JAMES (Ga.): b. 1811, d. 1891; adm. bar 1835; M. C. (Unionist) 1851-53; appointed provisional gov. of Ga., VII. 276.

JOHNSON, JAMES (Va.): d. 1825; M. C. 1813-20; on censure of General Jackson, VIII. 244.

JOHNSON, REVERDY (Md.): b. 1796, d. 1876; adm. bar 1815; Sen. 1845-1849; Attorney-Gen. 1849-1850; Sen. 1863-1868; minister to Great Britain, 1868-1869; treaty concluded by, for settlement of *Alabama* claims, II. 427 *ss*; on slavery, IV. 156, 157; on freedom of ballot, VI. 361; on abolition, VI. 391 *ss*; ref. to, VI. 402; mem. reconstruction comm., VII. 306; on civil rights, VII. 307, 384; reports "Harmony" convention to Andrew Johnson, VII. 451; on equal male suffrage, VIII. 28, 29; on military reconstruction, VIII. 57, 68; on pardoning power of Pres., VIII. 71; on tenure of office, IX. 20-26, 44; on recess appointments, IX. 32; defends State R. R. monopolies, X. 203-210.

JOHNSON, RICHARD M. (Ky.): b. 1781, d. 1850; adm. bar 1802; M. C. 1807-1819; Sen. 1818-1829; M. C. 1829-1837; appointed Vice-Pres. U. S. 1837-1841; on embargo, II. 132; on war with G. B., II. 161 *ss*; on censure of Gen. Jackson, VIII. 251; opposes a navy, IX. 211 *ss*.

JOHNSON, ROBERT W. (Ark.): b. 1814, d. 1879; adm. bar 1835; M. C. 1847-1853; Sen. 1845-1861; mem. Confed. Sen. 1862; does not vote on Crittenden resolutions, V. 435.

JOHNSON, TOM L. (Ky.): b. 1854, d. 1911; M. C. 1891-1895; mayor of Cleveland, O., 1901-1910; on free trade, X. 69-70; advocates single tax, X. 70 *ss*, XII. 408; on Wilson tariff, XII. 289, 295 *ss*; vote by, on Wilson tariff, XII. 323; on silver purchase repeal, XIV. 359, 360, 361.

JOHNSON, WILLIAM (S. C.): b. 1771, d. 1834; adm. bar 1793; assoc. just. U. S. Sup. Ct. 1804-1833; letter of Jefferson to, V. 16.

JOHNSON, WILLIAM SAMUEL, DR. (Ct.): b. 1727, d. 1819; judge sup. ct. Conn. 1772-1774; mem. conv. colonies 1776; mem. Continental Congress 1784-1787; mem. Const. Conv. 1787; Sen. 1789-1791; pres. Columbia College 1792-1800; on Stamp Act Congress, I. 27; in Const. Conv. I. 320, 334, 361.

JOHNSTON, ALEXANDER, prof. Princeton Univ.; editor of "American Orations," I. xviii; error of, I. xxii; his "Amer. Pol. Hist." and his "Amer. Pol.," I. xxvi.; on Fugitive Slave Act, IV. 229, 230; on Const., V. 15, 16; on prosecutions for treason, VI. 209, 210; on conscription, VI. 315; on Sedition Law, VII. 87; on freedmen, quoted, VII. 167.

JOHNSTON, JOSEPH E., GEN. (Va.): b. 1807, d. 1891; grad. West Pt. 1829, served in Mex.; quartermaster-general, 1860; in C. S. A.; in command at Winchester, VI. 59; in command Battle of Bull Run, VI. 68; treason of, Pres. Lincoln on, VI. 321.

JOHNSTON, JOSIAH S. (La.): b. 1784, d. 1833; M. C. 1821-1823; Sen. 1824-1833; on Panama Congress, II. 243 *ss*.

JONES, JAMES K. (Ark.): b. 1839, d. 1908; adm. bar 1873; M. C. 1881-1885; chmn. Dem. Nat. Com. 1896, 1900; Sen. 1885-1903; on silver purchase, XIV. 230.

JONES, JOHN P. (Nev.): b. 1829, d. 1912; Sen. 1873-1903; on legal tender of trade dollar, XIV. 10, 11; on recoinage of standard silver dollar, XIV. 22 *ss*; mem. monetary comm'n, XIV. 75; on internat. monetary conf., XIV. 117 *ss*; introduces bill to purchase silver, XIV. 205; on silver purchase, XIV. 214 *ss*, 227, 228, 229 *ss*, 272, 282, 283; reports on silver purchase bill, XIV. 276.

JONES, WILLIAM, SIR (Eng.): b. 1746, d. 1794; lawyer, Orientalist; interview with Franklin, I. 227; quoted in debate on annex. of Hawaii, III. 193.

JORDAN, WM. GEO. (N. Y.): b. 1864; ed. *Current Literature*, *Saturday Eve. Post*, etc., founds House of Governors, X. 131.

JULIAN, GEORGE WASHINGTON (Ind.): b. 1817, d. 1899; adm. bar 1840; cand. Vice-Pres. U. S. on Free Soil ticket 1852; M. C. 1849-1851, 1861-1871; surveyor-general of New Mexico, 1886-1890; on Pres. Johnson's contest with Cong., IX. 86; mem. com. to draw up articles of impeachment, IX. 89.

K

KAGI, J. H.: aid of John Brown, V. 187; chosen "Sec. of War," V. 189.

KALAKAUA, DAVID; chosen King of Hawaii, III. 169, 170.

KASSON, JOHN A. (Ia.): b. 1822, d. 1910; adm. bar 1842; 1st ass. postmaster gen. 1861-1862; M. C. 1863-1867, 1873-1877, 1881-1885; U. S. Min. to Austria 1877-1881; U. S. Min. to Germany 1880-1885; on military reconstruction, VIII. 49, 50; bill by, for tariff comm'n, XII. 183 *ss*; in debate on bill, XII. 184 *ss*, 190; on monetary comm'n, XIV. 73.

KAWANANAKOA, DAVID, PRINCE: Hawaiian del. to Dem. conv. of 1900, III. 218.

KEARNEY, DENNIS (Cal.): organizes "Workingmen's Trade and Labor Union" at San Fran. 1877; arrested Nov. 3, 1877, for incendiary speeches; ref. to, XI. 223.

KEIFER, GEN. J. WARREN (O.): b. 1836; adm. bar 1858; brig.-gen. in Union army; M. C. 1876-85; Speaker 1881-83; M. C. 1905-11; on canal fortifications, III. 449 *ss*; defends troops at polls, IX. 135; on reciprocity with Can., XII. 439, 440; on income tax, XII. 424, 425; on free coinage of silver, XIV. 54.

KEITT, LAWRENCE M. (S. C.): b. 1824, d. 1864; M. C. 1852-1860; col. Confed. army 1862-1864; ref. to, in report on Sumner assault, IV. 357, 358; remark by, IV. 360; vote in House on conduct of, IV. 362; on polygamy, VIII. 421.

KELLEY, WILLIAM D.: b. 1814, d. 1890; adm. bar 1840; judge of ct. common pleas 1846; M. C. 1860-1890; on Freedmen's Aid bill, VII. 171; on reconstruction, VII. 242, VIII. 51; on State rights, VII. 318; on XIVth Amend., VII. 422; introduces res. in House *in re* manhood suf., VIII. 96; on powers of the Speaker, IX. 398; opposes gov't R. R., X. 250; on ship subsidies, XI. 129; ref. to, XII. 4; bill by, for reduction of internal rev., XII. 117 *ss*; on tariff of 1870, XII. 128, 130 *ss*, 142; on Wood tariff bill, XII. 169 *ss*; on bill for tariff commission, XII. 193, 208, 213 *ss*; on Mills tariff bill, XII. 233, 234; on nat. banks, XIII. 237; on free coinage of silver, XIV. 54; on legal tender of silver, XIV. 69.

KELLOGG, WILLIAM PITT (La.): b. 1831; adm. bar 1852; ch. justice Neb. Ty. 1861-1865; Sen. 1868-72, 1877-83; gov. La. 1873-7; M. C. 1883-5; ref. to, VIII. 226.

KELSEY, WM. H. (N. Y.): b. 1812, d. 1879; lawyer; M. C. 1855-57, 1867-71; proposes government railroad, X. 241.

KEMBLE, EDWARD W. (Cal.): b. 1861; cartoon by, XI. 43.

KENNA, JOHN E. (W. Va.): b. 1848, d. 1893; adm. bar 1870; M. C. 1879-1884; Sen. 1883-7, 1889-93; *in re* R. R. rate regulation, X. 340.

KENNEDY, ANTHONY (Md.): b. 1811, d. 1892; Sen. 1857-1863; on purchase of Cuba, III. 97; on emancipation, VI. 151, 152.

KENT, JAMES (N. Y.): b. 1763, d. 1847; adm. bar 1785; justice N. Y.

sup. ct. 1798; chancellor State of N. Y. 1814; publ. "Commentaries on Am. Law" 1830; authority on law, quoted, III. 432, XIII. 192.
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KEPPLER, JOSEPH: b. 1838, d. 1894; cartoons by, X. 281; XII. 381; XIV. 325.
KERNAN, FRANCIS: b. 1816, d. 1892; adm. bar 1840; M. C. 1863-5; Sen. 1874-1880; on Freedmen's Aid bill, VII. 169; on reconstruction, VII. 235; on legal tender of silver, XIV. 69.
KERR, DANIEL (Ia.): b. Scot. 1836; adm. bar 1862; M. C. 1887-1891; on ship subsidies, XI. 170; in debate on McKinley tariff, XII. 272.
KERR, JOHN (Md.): b. 1780, d. 1849; adm. bar 1801; M. C. 1825-1829, 1831-1833; Sen. 1840-1843; on polygamy, VIII. 418, 423.
KEY, DAVID M. (Tenn.): b. 1824, d. 1900; adm. bar 1849; Sen. 1875-1877; Postm.-gen. 1877-80; caricature of, IX. 133.
KEY, PHILIP B. (Md.): b. 1757, d. 1854; M. C. 1807-1813; on the embargo, II. 137 *ss.*
KILGORE, DAN'L (Ind.): b. 1804, d. 1879; adm. bar 1830; M. C. 1857-1861; in debate on Conciliation Bill, V. 440.
KING, JOHN P. (Ga.): b. 1799, d. 1888; adm. bar 1819; judge ct. com. pleas 1831; Sen. 1833-1837; on principles of Calhoun, IV. 128.
KING, PRESTON (N. Y.): b. 1806, d. 1865; adm. bar 1829; M. C. 1843-1853; Sen. 1857-1863; on Conciliation Bill, V. 324.
KING, RUFUS (N. Y.): b. 1820, d. 1890; adm. bar 1843; M. C. 1855-1857; in Cons. Conv., I. 343, 354, 357; on com. treaty with Gt. Brit., II. 55; on African slave trade, IV. 35 *ss*; on slavery, quoted, IV. 67, 68, 74; votes by, against slavery in Territories, cited, V. 250.
KING, WILLIAM R. (Ala.): b. N. C. 1786, d. 1853; adm. bar 1806; M. C. from N. C. 1811-16; Sen. from Ala. 1819-44; min. France 1844-46; Sen. 1848-53; Pres. *pro tempore* 1850-52; Vice-Pres. U. S. 1853; Sumner on, IV. 299; defends Jackson against censure by Senate, XIII. 104.
KITCHELL, AARON (N. J.): b. 1744, d. 1820; M. C. 1791-3, 1794-7, 1799-1801; Sen. 1805-1809; on petition of fugitive freedmen, IV. 33.
KITCHIN, CLAUDE (N. C.): b. 1869; adm. bar 1890; M. C. 1901—; ref. to, XII. 446.
KNAPP, CHAUNCEY L. (Mass.): b. 1809, d. 1898; Sec. State Vt. 1836-1840; M. C. 1855-1859; ed. Lowell *Daily Citizen* 1859-1882; Preston S. Brooks on, IV. 367.
KNOTT, J. PROCTOR (Ky.): b. 1830, d. 1911; att.-gen. Mo. 1859-1861; M. C. 1867-1871, 1875-1883; gov. Ky. 1883-87; dean of law Centre Coll. Ky. 1894-1901; on tariff commission, quoted, XII. 204.
KNOWLAND, JOSEPH R. (Cal.): b. 1873; M. C. 1903—; referred to, in reports on Panama Canal tolls, III. 453, 460; presents report on tolls, III. 458 *ss.*
KNOX, HENRY (Mass.): b. 1750, d. 1806; in Rev.; aids Washington in 1783 to pacify officers' mutiny; founds Society of Cincinnati 1783; Sec. War 1785-94; on French Alliance, II. 8; appointed general by Washington, II. 85; advocates establishment of Nat. Bank, XIII. 34.
KNOX, PHILANDER C. (Pa.): b. 1853; adm. bar 1875; Att. Gen. U. S. 1901-1904; Sen. 1904-1909; Sec. State 1909; negotiates commercial treaty with Canada, XII. 431.
KOSSUTH, LOUIS, Hungarian patriot: b. 1802, d. 1894; dictator Hungary 1849; debate on reception of, II. 266 *ss*; Champ Clark on, III. 207.
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LAFAYETTE, MARQUIS OF (France): b. 1757, d. 1834; maj.-gen. Continental Army; ref. to, VI. 146; letter of Washington to, on slavery, cited, V. 255.
LAFFERTY, ABRAHAM W. (Ore.): b. 1875; adm. bar 1896; M. C. 1911—; introduces joint resolution providing for woman suffrage, VIII. 354; on woman suffrage, VIII. 376.
LA FOLLETTE, ROBERT MARION (Wis.): b. 1855; adm. bar 1880; M. C. 1885-1891; Gov. of Wis. 1901-1905; Sen. 1905—; on R. R. regulation, X. 379, 380, 484-489; on McKinley tariff, XII. 274 *ss.*
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LAMAR, LUCIUS QUINTUS CINCINNATUS: b. 1825, d. 1893; adm. bar 1847; M. C. 1857-1860, 1872-1874; Sen. 1877-1883; Sec. of Int. 1885-1888; ass. just. U. S. Sup. Ct. 1888-1893; on legal tender of silver, XIV. 69; ref. to VII. 210.
LANE, HENRY S. (Ind.): b. 1811, d. 1881; adm. bar 1832; M. C. 1840-1844; nom. Fremont for Pres. 1856; Gov. of Ind. four days 1861; Sen. 1861-1867; quoted on relations with G. B., II. 381; on "war-making power," VI. 85, 97 *ss*; on Freedmen's Aid bill, VII. 178; on civil rights, VII. 403; on equal male suf., VIII. 35.
LANE, JAMES HENRY (Ind. and Kan.): b. 1814, d. 1866; adm. bar 1840; lieut. gov. Ind. 1849-1853; M. C. from Ind. 1853-1855; col. in Union Army; Sen. from Kan. 1861-1866; on civil rights, VII. 377.
LANE, JOSEPH (Ore.): b. 1801, d. 1881; brig.-gen. in Mex. War; Gov. of Ore. Terr. 1849-1850; M. C. 1851-1859; Sen. 1859-1861; nom. Vice-Pres., V. 266; on election of Lincoln, V. 308; on Conciliation Bill, V. 373, 374; vote by, on Crittenden resolutions, V. 434; on polygamy, VIII. 416.
LANGDON, JOHN (N. H.): b. 1741, d. 1819; mem. Cont. Cong. 1775-1776; navy agent 1776-1777; del. Cont. Cong. 1783; pres. of N. H. 1787; Gov. of N. H. 1788; Sen. 1789-1801; Gov. of N. H. 1805, 1809, 1810-1811; in Const. Conv., I. 357; Lincoln on, V. 249.
LANHAM, SAMUEL W. T. (Tex.): b. 1846, d. 1908; adm. bar 1869; M. C. 1883-1893, 1897-1903; Gov. of Tex. 1903-1907; on Littlefield anti-trust bill, XI. 86; on free coinage of silver, XIV. 142.
LANSDOWNE, LORD (Brit.): correspondence of, with Sec. Hay, cited, III. 442, 443.
LANSING, JOHN, JR. (N. Y.): b. 1754, d. (mysteriously disappeared) 1829; adm. bar 1775; del. Cont. Cong. 1784-1785; del. Fed. Const. Conv. 1787; just. sup. ct. N. Y. 1790-1798; chief justice sup. ct. 1798-1801; chancellor of N. Y. 1801-1814; regent Univ. of N. Y. 1814-1829; appointed delegate to Const. Conv., I. 280; on State representation in Cong., I. 300, 301; letter to Gov. Clinton, I. 348, 349.
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LATHAM, GEORGE R. (W. Va.): b. 1832; adm. bar 1859; M. C. 1865-1867; on reconstruction, VII. 330.
LATHAM, MILTON SLOCUM (Cal.): b. 1827, d. 1882; adm. bar 1848; M. C. 1853-1855; gov. of Cal. three days 1860; Sen. 1860-1863; in debate on Conciliation Bill, V. 324, 331; vote by, on Crittenden resolutions, V. 434.
LAURANCE, JOHN (N. Y.): b. Eng. 1750, d. 1810; adm. bar 1772; officer in Rev.; M. C. 1785-87, 1789-93; judge; Sen. 1796-1800; pres. *pro tem.* 1798-1800; presents petition for abolition of slave trade, IV. 8.
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LAW, JOHN (Ind.): b. 1796, d. 1873; adm. bar 1817; judge circuit ct. 1831-1838; M. C. 1861-1865; on punishment of treason, VI. 207.
LAW, LYMAN (Ct.): b. 1770, d. 1842; adm. bar 1793; Speaker Conn. Ass. 1809-1811; M. C. 1811-1817; favors a navy, IX. 217.
LAWRENCE, WILLIAM (O.): b. 1819, d. 1899; adm. bar 1840; ed. Logan *Gazette* and *Western Law Monthly*; judge dist. ct. O. 1857-1864; M. C. 1865-1871, 1873-1877; 1st Comptroller of U. S. Treasury 1880-1885; on military reconstruction, VIII. 47.
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LE BLOND, FRANCIS C. (O.): b. 1821, d. 1902; Speaker O. leg. 1854-1855; M. C. 1863-1867; military reconstruction, VIII. 46, 61, 67.
LEE, ARTHUR (Va.): b. 1740, d. 1792; min. to France 1776; del. Continental Cong. 1781-1784; mem. Treas. Board 1785-1789; rebuffed by Parliament, I. 107.
LEE, GEN. FITZHUGH (Va.): b. 1835, d. 1905; cavalry leader C. S. A.; Gov. Va. 1886-1890; U. S. consul at Havana 1893-1899; Mil. Gov. of Havana province 1899-1903; referred to, in debate on recog. of Cuban ind., III. 147, 154, 159.
LEE, GEN. HENRY (Va.): b. 1756, d. 1818; lieu.-col. 1779; M. C. 1786-1788; Gov. of Va. 1792-1794; M. C. 1798-1800; on Stamp Act, I. 24; letter on Parliament's dec. of supremacy, I. 24, 25; on Sedition Law, in Va. legis., VII. 93; opposes reduction of army, IX. 194.
LEE, RICHARD BLAND (Va.): b. 1761, d. 1827; M. C. 1789-1795; on naturalization, VII. 17.
LEE, RICHARD HENRY (Va.): b. 1732, d. 1794; mem. Cont. Congress 1774; Pres. of Cong. 1784; Sen. 1789-1794; on controversy with G. B., I. 98; on com. of colonial defense, I. 163; on conciliation with G. B., I. 167, 168; drafts petition of Cont. Congress to British people, I. 165; resolutions for American independence by, I. 186; supports resolutions, I. 189 *ss*, 197, 198; elected by Senate, I. 422.
LEE, GEN. ROBERT E. (Va.): b. 1806, d. 1870; chief eng. army in Mex. 1841; supt. West Point 1852; brig.-gen. in Confed. army 1861; commander-in-chief of Confed. armies 1865; pres. Washington College 1870; treason of, Pres. Lincoln on, VI. 321; army of, Lincoln on, VI. 331; caricature of, VIII. 87.
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LESSEPS, FERDINAND DE (France): b. 1805, d. 1894; constructor of Suez Canal; supervised construction work on Panama Canal 1881-1892; project of, III. 248, 350.
LETCHER, JOHN (Va.): b. 1813, d. 1884; del. Va. Const. Conv. 1850; M. C. 1851-1859; Gov. of Va. 1860-1864; on polygamy, VIII. 405.
LETCHER, ROBERT P. (Ky.): b. 1788, d. 1861; M. C. 1823-1835; gov. Ky. 1840-1844; min. to Mex. 1849; intro. tariff bill by Clay, XII. 70.
LEWIS, DIXON H. (Ala.): b. 1802, d. 1848; M. C. 1829-1843; Sen. 1844-1848; on censure of J. Q. Adams, IV. 110 *ss*; on tariff of, 1832, XII. 68 *ss.*

LIEBER, FRANCIS (Ger.-Amer.): b. 1800, d. 1872; in Union army; author "Civil Liberty," etc.; on writ of *habeas corpus*, quoted, VI. 346.

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LINCOLN, ABRAHAM (Ky.): b. 1809, d. 1865; adm. bar 1836; M. C. 1847-1849; debate *vs.* Douglas 1858; Pres. 1861-1865; assassinated Apr. 14, 1865; debate with Douglas, see in gen'l, Vol. VI.; ref. to, I. xii., xx., xxviii.; studies "Elliott's Debates," I. xix.; "Spot Res." by, on war with Mex., II. 373 *ss*; disapproves capture of Confed. comm., II. 379; proc. for "blockade" by, II. 431, 432; Sen. Hoar on, III. 152; on slavery, quoted, III. 269; anecdote of, III. 275; Sen. Foraker on, III. 287; ref. to, III. 361; denounced for issuing Emanci. Proc., IV. 5; opposition of, to Neb. Bill, IV. 313, 314; votes for, in Rep. Conv. of '56, IV. 371; on Dred Scott decision, IV. 392 *ss*; approves bill for adm. of Kans., V. 108; "House Divided" speech, V. 109 *ss*; Douglas on, V. 116; speech discussed in joint debate, V. 125, 126, 131 *ss*; on "Law of Equal Freedom," V. 115 *ss*; in debate with Douglas, V. 121 *ss*; letter to Henry Asbury, V. 162, 163; defeat for Senate, V. 163, 164; on slavery in Terr., V. 164, 165; Sen. Benjamin on, V. 163; looms up as Pres. cand., V. 244; speech by, at Cooper Union, V. 245 *ss*; nom. Pres., V. 263; elected, V. 267; popular vote for, V. 268; election of, prepared for, by South, V. 269 *ss*; result of, V. 272 *ss*; Pres. Buchanan on, V. 285 *ss*; discussed in debate on secession, V. 305, 307 *ss*, 312, 318, 319; Sen. Pugh on, V. 339; Sen. Wigfall on, V. 347; V. 353 *ss*; Sen. Wade on, V. 361 *ss*; Sen. Seward on, V. 430, 431; Isaac N. Morris on, V. 438; on slavery, quoted, V. 409; character of, Toombs on, V. 412; stand by, against compromises, N. Y. *Tribune* on, V. 426; relation of Seward to, Orville J. Victor on, V. 434; speaking tour of, *en route* to Washington, VI. 9 *ss*; inaug. address by, VI. 14 *ss*; debate on, VI. 25 *ss*; on provisioning Ft. Sumter, VI. 53; confers with John B. Baldwin, VI. 54, 55; outlines his policy toward seceding States, VI. 55; calls council of war, VI. 59; first message of, VI. 59 *ss*; letter of Horace Greeley to, on Battle of Bull Run, VI. 69; on Gen. Frémont's proc. of emanc., VI. 121 *ss*; on Gen. Hunter's emanc. proc., VI. 130; Willey on, VI. 140; on slavery in Dist. of Col., VI. 161, 162; on compensated emancipation, 163 *ss*; in conference with border States on subject, 165, 166; debates on his bill, 166 *ss*; attack on, by John Hickman, VI. 179 *ss*; appeal by, for adoption of compensated emancipation, VI. 189, 190; on failure of colonization plan, 190; approves bill for punishment of treason, VI. 209; prepares for Emanc. Proc., VI. 211 *ss*; address by, on colonization, VI. 212; letter of Greeley to, on emancipation, VI. 212, 213; reply by, VI. 213 *ss*; reply by, to appeal of religious com. from Chicago, VI. 215 *ss*; issuance of Emanc. Proc., VI. 217, 218; letter on result of Proc., VI. 219; proposal of emancipation amendments to Const., VI. 220 *ss*; policy of, upheld by Congress, VI. 223, 224; attack on message of, by Wm. A. Richardson, VI. 224 *ss*; on employment negro soldiers, VI. 246; offer by, to Gen. Frémont, VI. 247; on Confed. treatment of negro soldiers, VI. 252, 253; on arming of the slaves by Confed., VI. 254; on prosec. war, VI. 278, 279; Vallandigham on, VI. 257, 258; address by, at Gettysburg, VI. 276, 277; reelection of; second inaug. of, VI. 277 *ss*; action of, for military arrests, discussed, VI. 283, 294, 296, 303; reply by, to Gov. Seymour, on military draft, VI. 318; in controversy over arrest of Vallandigham, VI. 319 *ss*; ignores presence of Vallandigham in Ohio, VI. 329, 330; address by, justifying his Administration, VI. 330 *ss*; Franklin Pierce on, VI. 325; refuses to recognize Stephens as envoy of Confed., VI. 335; charged with using military power at elections, VI. 336, 338 *ss*, 344 *ss*; Jacob M. Howard on, VI. 358; election of, Henry Wilson on, VI. 371; Garrett Davis on, VI. 376, 379 *ss*; proc. of amnesty by, quoted, VI. 394, 395; approves resolution for Const. Amend. prohibiting slavery, VI. 414; establishes Freedmen's Bureau, VII. 168; memorial on Freedmen's Aid, VII. 170; on reconstruction, VII. 198, 202; ref. to, VII. 235; proc. on reconstruction, VII. 262; last speech, on reconstruction, VII. 264; ref. to, by Sen. Doolittle, VII. 302; signs homestead law, X. 51; on Balt. & Ohio R. R., X. 228; quoted, XIV. 125; caricatures of, V. 122, 166, 179, 245, 258, 333; VI. 15, 19, 74, 214, 228; VII. 199, 267; XIII. 199. See also CIVIL WAR and EMANCIPATION in Index II.

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LINDERMAN, H. R. (Pa.): b. 1825, d. 1879; chief-clk. Phil. Mint 1855-64; director Mint 1864-6; originator of trade silver dollar; framer coinage act 1873; supt. U. S. Mint 1873-1879; quoted, XIV. 17, 18.

LINDSEY, BENJAMIN B. (Col.): b. 1869; adm. bar 1894; promoter and originator of juvenile court; judge juvenile court, Denver, Col., 1901—; *in re* woman suf., VIII. 350.

LINN, LEWIS FIELDS (Mo.): b. 1795, d. 1843; adm. bar 1815; Sen. 1833-1843; on Oregon boundary, II. 303.

LITTLEFIELD, CHARLES E. (Me.): b. 1851; adm. bar 1876; speaker Maine Assembly 1887-1889; M. C. 1899-1909; *in re* R. R. rate regulation, X. 419-420, 424, 461, 463; his bill to amend Sherman anti-trust law, XI. 72; on bill, XI. 100; on injunctions, XI. 331 *ss*; on canteen bill, XI. 431.

LITTLETON, MARTIN W. (N. Y.): b. 1872; adm. bar 1891; M. C. 1911-13; on woman suf., VIII. 382, 388.

LIVERMORE, ARTHUR (N. H.): b. 1776, d. 1853; judge supr. ct. N. Hamp. 1799-1816; judge com. pleas 1825-1833; M. C. 1817-1821, 1823-1825; on slavery, IV. 57 *ss*.

LIVERMORE, SAMUEL (N. H.): b. 1732, d. 1803; adm. bar 1756; del. Cont. Cong. 1780-1782, 1785; just. sup. ct. N. H. 1782-1789; M. C. 1789-1793; pres Const. Conv. N. H. 1791; Sen. 1793-1801; on cod-fisheries bill, XI. 114; on alcohol tax, XII. 11.

LIVINGSTON, EDWARD (N. Y.): b. 1764, d. 1836; adm. bar 1785; M. C. 1795-1802; U. S. att. N. Y. and mayor N. Y. 1801-1803; M. C. 1823-1829; Sen. 1829-1831; Sec. State 1831; minister to France 1833; author of "Penal Code"; ref. to, *in re* Ky. and Va. Res., I. xxii.; resolution by, II. 37; on rights of Congress, II. 80; on deportation of aliens, VII. 45; on sedition law, VII. 61, 74.

LIVINGSTON, HENRY W. (N. Y.): b. 1768, d. 1810; adm. bar 1792; judge ct. common pleas 1795-1799; M. C. 1803-1807; letter of Gouverneur Morris to, III. 281.

LIVINGSTON, PHILIP (N. Y.): b. 1716, d. 1778; speaker prov. H. of Rep. 1768-1769; del. Stamp Act Congress 1765; del. Cont. Cong. 1774-1778; Sig. Dec. of Ind.; drafts petition against Stamp Act, I. 27; in debate on Dec. of Ind., I. 187 *ss*; on com. to draft Dec. of Ind., I. 191.

LIVINGSTON, ROBERT R. (N. Y.): b. 1746, d. 1813; adm. bar 1773; mem. prov. conv. 1775; del. Cont. Cong. 1775-1777, 1779-1781; mem. com. on Dec. of Ind. 1776; Sec. of Foreign Affairs 1781-1783; chancellor of N. Y. 1777-1801; minister to France 1801-1804; on com. to draft petition to King against Stamp Act, I. 27; on com. to draft petition to British people *in re* colonial rights, I. 165; letter of Jefferson to, II. 89; offer for La. by, II. 101.

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LOCKE, DAVID R. ("Petroleum V. Nasby") (O. and N. Y.): b. 1833, d. 1888; editor; humorist; ref. to, VII. 460.

LOCKE, JOHN (Eng.): 1637-1704; philosopher; quoted, XIV. 118, 120, 373.

LODGE, HENRY CABOT (Mass.): b. 1850; editor *No. Amer. Rev.* 1873-1876; adm. bar 1876; editor *International Rev.* 1879-1889; historian; M. C. 1887-1893; Sen. 1893—; Sen. Mass., introduction by, on Const., I. 1; on interven. in Cuba, III. 145 *ss*; bills by, for acquisition terr., III. 199; on annex. of Philippines, III. 303 *ss*; on woman suf., VIII. 380; on restriction of immigration, XI. 271; on child labor, XI. 269, 292; on tariff, XII. 283, 284.

LOGAN, JOHN A. (Ill.): b. 1826, d. 1886; adm. bar 1852; M. C. 1859-1862; major-gen. vol. 1862-1865; M. C. 1867-1871; 1879-1886 on Pres. Johnson, IX. 86; on committee to draft articles of impeachment, IX. 89; manager of impeachment, IX. 90; on recoinage of silver dollar, XIV. 29; caricature of, XIII. 377.

LÔME, DUPUY DE: Spanish min. to U. S., Champ Clark on, III. 207.

LONG, JOHN D. (Me.): b. 1838; speaker Mass. leg. 1875-1878; Lt.-Gov. of Mass. 1879-1880; Gov. of Mass. 1880-1883; M. C. 1883-1889; Sec. of Navy 1897-1902; on liquor tax, XI. 393; ref. to, XIV. 199.

LONGWORTH, NICHOLAS (O.): b. 1869; adm. bar 1894; M. C. 1903-1913; on Payne tariff, XII. 388, 397 *ss*.

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LOVE, JOHN (Va.): d. 1822; M. C. 1807-11; on embargo, II. 133, 144.

LOVEJOY, OWEN (Ill.): b. 1811, d. 1864; preacher; M. C. 1857-64; resolutions of, Douglas on, V. 150; resolve by, for conciliating South, V. 438; on compensated emancipation, VI. 174, 177; reports bill for abolition of slavery in Terr., VI. 188; on prosecution of war, VI. 274.

LOW, SETH (N. Y.): b. 1850; mayor Bklyn 1881-1885; pres. Columbia U. 1890-1901; mayor N. Y. 1902-1903; ref. to, X. 86.

LOWE, CAROLINE A.: on woman suf., VIII. 389, 390, 391.

LOWELL, JAMES RUSSELL (Mass.): b. 1819, d. 1891; poet, author of anti-slavery "Biglow Papers" (1846-48); prof. mod. lang. Harvard 1855-75; ed. *Atlantic Monthly*; min. Spain, 1875-80; to G. B. 1880-85; quoted, III. 152; IV. 342.

LOWNDES, WILLIAM (S. C.): b. 1782, d. 1822; M. C. 1811-1822; favors a navy, IX. 214 *ss*.

LOWRIE, WALTER (Pa.): b. 1785, d. 1863; Sen. 1819-1825; Sec. U. S. Sen. 1825-1836; opinion by, IV. 73.

LUDLOW, COLONEL WILLIAM: b. 1843, d. 1901; 1st lieut. engineers 1864; lieut.-col. 1865; military attaché U. S. embassy London 1893-1896; major-gen. U. S. volunteers 1898; gov. Havana 1898; mission of, to Nicaragua, III. 357.

LUMPKIN, JOHN HENRY (Ga.): b. 1812, d. 1860; adm. bar 1834; solicitor-general of Cherokee circuit 1838; M. C. 1843-1849, 1855-1857; judge sup. ct. Ga. 1858-1860; on war with Mexico, II. 363 *ss*; *in re* Cherokee missionaries, VIII. 275.

LUNDY, BENJAMIN (N. J.): b. 1789, d. 1839; abolitionist; editor; favors colonization, IV. 99.

LUTHER, MARTIN, German Reformer: b. 1483, d. 1546; on polygamy, VIII. 451.

LYMAN, WM. (Mass.): b. 1755, d. 1811; M. C. 1793-97; in War of 1812; consul at London; on land tax, XII. 17, 18.
LYNCH, JOHN (Pa.): b. 1843; lawyer; M. C. 1887-89; on ship subsidies, XI. 128.
LYNCH, JOHN R. (Miss.): b. 1847; negro; adm. bar 1865; speaker Miss. Assem. 1871-1873; M. C. 1873-1877, 1881-1883; on civil rights, VIII. 204 *ss*.
LYNCH, THOMAS (S. C.): b. c. 1720, d. 1776; del. Col. Cong. 1765; del. Cont. Cong. 1774-1776; in Stamp Act Congress, I. 27.
LYON, CALEB (N. Y.): b. 1822, d. 1875; consul at Shanghai, 1845-1849; M. C. 1853-1855; gov. of Idaho Terr. 1864-1866; on polygamy, VIII. 424 *ss*.
LYON, NATHANIEL, GEN. (Ct.): b. 1819, d. 1861 (at Battle of Wilson's creek); grad. West. Pt. 1841; commander Dept. Mo. 1861; disarming of secessionists, discussed, V. 99; orders to, VI. 57; defeats Confederates at Booneville, VI. 58; appeal to, for freedom of press, VI. 90; death of, VI. 120; caricature of, VI. 58.
LYONS, RICH. BICKERTON PEMELL, VISCOUNT: b. 1817, d. 1887; min. to U. S. during Civil War; in *Trent* Affair, II. 379-380.

M

MCADOO, WILLIAM (N. J.): b. 1853; adm. bar 1874; M. C. 1883-1891; Ass. Sec. Navy 1893-1896; removed to N. Y. 1892; police com. N. Y. C. 1904-5; chief magistrate N. Y. C. 1910-1913; on powers of Speaker, IX. 372; on ship subsidies, XI. 184; on McKinley tariff, XII. 273, 274; on free coinage of silver, XIV. 194.
MACAULAY, THOMAS BABINGTON, LORD (Eng.): b. 1800, d. 1859; prophecy of, regarding U. S., X. 402.
MCCALL, SAMUEL W. (Mass.): b. 1851; adm. bar 1878; ed. Boston *Daily Advertiser;* M. C. 1893-1913; opposes R. R. rate reg., X. 439-455, 482; on Littlefield anti-trust bill, XI. 99; on Payne tariff, XII. 391; on income tax, XII. 419; bill by, for reciprocity with Canada, XII. 431 *ss*; on bill, XII. 439; on reciprocity, XII. 445; on silver purchase repeal, XIV. 313 *ss*.
MCCARTHY, DENNIS (N. Y.): b. 1814, d. 1886; mayor of Syracuse 1853; M. C. 1867-1871; lieut.-gov. N. Y. 1885; advocates gov. R. R., X. 247-249; on income tax, XII. 404; on purchase of Alaska, II. 422; caricature of, XII. 267.
MCCLELLAN, GEORGE B., GEN. (N. J.): b. 1826, d. 1885; grad. West Point 1846; Com. of Armies of U. S. 1861; gov. N. J.; occupation of W. Va. by, VI. 58; victories of, VI. 68; placed in command of forces at Washington, VI. 70; removal of, from command of Fed. army, Wm. A. Richardson on, VI. 228; Voorhees on, VI. 311 *ss*; as Dem. candidate for Pres., VI. 277; Jacob M. Howard on, VI. 351, 352, 357; caricatures of, VI. 228, 278, 313; VIII. 87, 94.
MCCLELLAN, GEO. B., JR. (N. Y.): b. 1865; lawyer; M. C. 1895-1903; Mayor N. Y. 1903-10; vote on R. R. funding bill, X. 320.
MCCORMICK, JOHN WALEY (O.): b. 1831; M. C. 1883-1885; on liquor tax, XI. 395.
MCCRARY, GEORGE W. (Ia.): b. 1835, d. 1895; adm. bar 1856; M. C. 1869-1877; Sec. War 1877-1879; U. S. dist. judge 1879-1884; *in re* Interstate Commerce Comm'n, X. 321.
MCCREARY, JAMES B. (Ky.): b. 1838; adm. bar 1859; lieut.-col. Confed. Army 1865; gov. Ky. 1875-1879; M. C. 1885-1897; Sen. 1903-1909; gov. Ky. 1912—; *in re* Chicago strike, X. 407.
MCCULLOCH, BENJAMIN, GEN. (Tenn.): b. 1811, d. 1862; com.-in-chief Confed. army 1861; army of Gen. Twiggs turned over to, V. 283, 284.
MCCULLOCH, HUGH (Me.): b. 1808, d. 1895; adm. bar 1832; Sec. Treasury 1865-1869, 1884-1885; ref. to, XIII. 295; notable report of, XIII. 321 *ss*; currency policy of, XIII. 339; quoted, XIII. 424; ref. to, XIV. 223.
MCCULLOCH, PHILIP D. (Ark.): b. 1851; adm. bar 1872; M. C. 1893-1903; on Nicaragua Canal, III. 379.
MCCUMBER, PORTER JAMES (N. D.): b. 1858; adm. bar 1880; att. gen. N. D. 1887-1888; Sen. 1899—; on pure food bill, XI. 467; on income tax, XII. 417.
MCDERMOTT, ALLAN L. (N. J.): b. 1854, d. 1908; dist. ct. judge 1883-1886; M. C. 1900-1907; on Panama Canal, III. 387.
MACDONALD, SIR JOHN ALEXANDER (Can.): b. 1815, d. 1891; adm. bar 1836; Q. C. 1846; represented Kingston in Parl. 1844-1878; att.-gen. of Upper Can. 1854; Premier Upper Can. 1850; Premier new Dominion, Minister Justice, Att.-Gen. Canada 1867-1873; Prime Minister 1878; apptd. on Jt. High Com., II. 441; on reciprocity with U. S., quoted, XII. 459.
MCDOUGALL, JAMES A. (Cal.): b. 1817, d. 1867; Ill. State att.-gen. 1842-1846; att.-gen. Cal. 1850; M. C. 1853-1855; Sen. 1861-1867; vote by, on fug. slave bill, VI. 129; on compensated emancipation, VI. 182, 183; on bills of attainder, cited, VI. 198; on freedom of ballot, VI. 360; on abolition of slavery, VI. 413; on internal revenue bill, XII. 112 *ss*; vote by, on income tax, ref. to, XII. 425.
MCDOWELL, IRWIN, GEN. (O.): b. 1818, d. 1885; grad. West Point 1838; major in 1856; brigadier-gen. 1861; major-gen. U. S. A. 1872; leads Union forces vs. Gen. Beauregard, VI. 59; defeated at Bull Run, VI. 68, 69.
MCDOWELL, JOSEPH (N. C.): b. 1756, d. 1801; gen. of militia Cont. army; M. C. 1792-1799; on alien laws, VII. 21; on sedition law, VII. 64; on standing army, IX. 187.
MCDOWELL, MARY E.: on woman suff., VIII. 384.
MCDUFFIE, GEORGE (S. C.): b. 1790, d. 1851; adm. bar 1814; M. C. 1821-1834; elected gov. S. C.; elected Sen.; reëlected and served 1842-1846; on Ore. boundary, II. 305, 306; on powers of Congress, II. 337; on tariff of 1828, XII. 51.
MACEO, GEN.: Cuban patriot, III. 100.
MCENERY, SAMUEL D. (La.): b. 1837, d. 1910; lieut. Confed. army; adm. bar 1879; gov. La. 1881-1888; ass. justice Sup. Ct. La. 1888-1900; Sen. 1897-1910; on Philippine question, III. 321, 322.
MCGOWAN, MR. (S. C.): on secession, V. 272 *ss*.
MCHENRY, JAMES (Md.): b. 1753, d. 1816; surg. 5th Pa. batt. during Rev.; Delegate Cont. Cong. 1783-1786; in Fed. Const. Conv. 1787; Sec. War. 1796-1800; vote by, on slavery in N. W. Territory, V. 247.
MACHIAVELLI, NICCOLO (It.): b. 1469, d. 1527; It. diplomatist; author of "The Prince"; on repub. form of gov., quoted, VI. 412, 413.
MCKEAN, THOMAS (Del.): b. 1734, d. 1817; adm. bar 1754; colonial rep. 1762-1769; delegate gen. cong. 1765; Cont. Cong. 1774-1783; chief justice Pa. 1776-1798; Pres. State Del. 1776; Pres. Cong. 1781; gov. Pa. 1799-1808; in Stamp Act Congress, I. 27.
MCKEE, SAMUEL (Ky.): M. C. 1809-17; opposes a navy, IX. 210.
MCKENNA, JOSEPH (Cal.): b. 1843, d. 1898; adm. bar 1865; M. C. 1885-1892; circuit judge 1892; U. S. Att. Gen. 1897-8; justice U. S. Sup. Ct. 1898; on Benj. Harrison's record on Chinese question, XI. 265; on McKinley tariff, XII. 281.
MCKENZIE, JAMES A. (Ky.): b. 1840, d. 1904; adm. bar 1861; M. C. 1877-1883; Sec. State Ky. under Gov. Knott; minister Peru under Cleveland; on bill for tariff commission, XII. 202, 203.
MCKINLEY, WILLIAM (Ohio): b. 1843, d. 1901; enlisted U. S. army 1861; M. C. 1877-1884, 1885-1891; gov. O. 1892-1896; Pres. 1897-1901; messages by, on relations with Cuba, III. 122 *ss*; Sen. Hoar on, III. 149 *ss*, 153; attack on, by Hugh A. Dinsmore, III. 165, 166; defence of, by Robt. Adams, Jr., III. 166, 167; approves intervention in Cuba, III. 168; secures treaty for annex. of Hawaii, III. 171; Champ Clark on, III. 197; letter of Dupuy de Lôme on, III. 207; on military gov't of Philippines, III. 254, 255; on Cuba, quoted, III. 266; on Philippines, quoted, III. 291; James H. Berry on, III. 309 *ss*; reëlected Pres., III. 324; appoints com'n to investigate Philippines, III. 322, 323; names com. for provis. gov't, III. 323; on isthmian canal, III. 357, 358; tariff bill of, ref. to, X. 69; on protective system, quoted, XII. 4; on Wood tariff bill, XIII. 156 *ss*; on tariff commission, XII. 200 *ss*; on purchase of gov't bonds, XII. 226 *ss*; on Mills tariff bill, XII. 247 *ss*; tariff bill by, XII. 261 *ss*; in debate on bill, 261 *ss*; XII. 282, 283; ref. to, XII. 327, 350, 386; on reciprocity with Porto Rico, ref. to, XII. 434; on free coinage of silver, XIV. 54; on legal tender of silver, XIV. 69; portrait, XII. 156; caricatures of, III. 133, 382; XII. 277, 287.
MCLANE, JAMES H., GEN. (Kan.): reports on affairs in Kan., IV. 320, 322.
MCLANE, LOUIS (Del.): b. 1786, d. 1857; ent. U. S. Navy 1798; adm. bar 1807; served in War 1812; M. C. 1817-1827; Sen. 1827-1829; minister to Eng. 1829-1831; Sec. U. S. Treas. 1831-1833; Sec. State 1833-1834; min. to Eng. 1845-1846; on slavery, IV. 60, 83 *ss*; Sumner on, IV. 299; on popular election of Pres., IX. 404; on plurality preference, IX. 404.
MCLAURIN, ANSELM J. (Miss.) b. 1848, d. 1909; private in Confed. army 1864; adm. bar 1868; Sen. 1894-1895; gov. Miss. 1895-1899; Sen. 1900-1909; on income tax, XII. 411, 412, 414.
MCLAURIN, JOHN L. (S. C.): b. 1860; adm. bar 1882; M. C. 1892-1897; Sen. 1897-1903; on Dingley tariff, XII. 336 *ss*.
MCLEAN, JOHN (O.): b. 1785, d. 1861; adm. bar 1807; M. C. 1813-1816; State Sup. Ct. judge 1816; comm. U. S. gen. land office 1822; U. S. Postmaster Gen. 1823-1829; ass. justice U. S. Sup. Ct. 1829-1861; on treaties, quoted, II. 411, 412; on acquisition of territory, cited, III. 249; on Dred Scott case, IV. 385, 386; letter of, on slavery in Ter., quoted, VI. 158.
MCMAHON, JOHN A. (O.): b. 1833; adm. bar 1854; M. C. 1875-1881; on the troops at polls, IX. 156; on rider to approp. bill, IX. 154-160, 176.
MCMILLAN, SAMUEL J. R. (Minn.): b. 1826, d. 1897; adm. bar 1849; dist. judge Minn. 1858; ass. justice Sup. Ct. 1864-1874; chief justice Sup. Ct. 1874-1875; Sen. 1875-1887; *in re* R. R. regulation, X. 339, 340.
MCMILLIN, BENTON (Tenn.): b. 1845, adm. bar 1871; M. C. 1879-1899; gov. Tenn. 1899-1903; on political exclusion, XI. 268; on Mills tariff bill, XII. 235; ref. to, XII. 238, 239; on McKinley tariff, XII. 269, 270; on Dingley tariff, XII. 342 *ss*, 359 *ss*; offers income tax amendment to tariff bill, XII. 406 *ss*; on silver purchase repeal, XIV. 388.
MACON, NATHANIEL (N. C.): b. 1757, d. 1837; served in Rev.; M. C. 1791-1815; Speaker House Rep. 1801-1807; Sen. 1815-1828; on petition of fugitive freedmen, IV. 32, 33; on deportation of aliens, VII. 28;

on sedition law, VII. 63, 73; quoted, XIII. 278.
McPherson, John (N. J.): b. 1833, d. 1897; Sen. 1877-1895; on dependent pension bill, IX. 281; on "original package" bill, XI. 410; concurs in report on tariff reduction, XII. 257, 258; on silver purchase, XIV. 227, 228, 229, 248, 249.
Madan, Rev. Martin: ref. to, *in re* polygamy, VIII. 452.
Madison, James (Va.): b. 1751, d. 1836; adm. bar 1773; delegate Cont. Cong. 1780-1783, 1786-1788; in Fed. Const. Conv. Phila. 1787; M. C. 1789-1797; Sec. State 1801-1809; Pres. 1809-1817; his "Papers," I. xx.; ref. to *in re* Va. Res., I. xxii.; del. to Const. Conv., I. 3, 4; on com. to prepare address to States, I. 260 *ss*; in Const. Conv., I. 285; plan of Const., I. 287 *ss*; in Const. Conv., I. 314, 315; on slave rep. in Cong., I. 358, 359; in Va. Const. Conv., I. 374 *ss*; joint author "The Federalist," I. 379, 390 *ss*; elected House of Rep., I. 422; debates with Hamilton on French Alliance, II. 9, 18 *ss*; on Const. provision for treaties, II. 43 *ss*; *in re* letter of "Camillus," II. 55; on Washington's farewell address, II. 58; favors non-importation, II. 115; proclamations by, II. 147; messages on relations with G. B., II. 149, 182, 184, 185; message on Fed. power over militia, II. 210; Adams on, II. 343; quoted in controversy over Cuban ind., III. 117; on petitions vs. slave trade, IV. 9, 16, 17; on petition of fugitive freedmen, IV. 30, 31; on slavery, quoted, IV. 64; in "The Federalist," opinion by, IV. 85, 86; favors colonization of freedmen, IV. 99; on slavery, quoted, IV. 209, 301; connection of, with Va. Res., V. 6, 8 *ss*, 12 *ss*; letter of Jefferson to, V. 15, 16; ref. to, in report of Hartford Conv., V. 17; Hayne on, V. 43; on nat. of Const., quoted, V. 298, 299; on coercion of States by Fed. Gov., quoted, V. 302, 303; report of, on Va. reso., adoption of, by Dem. Nat. Conv. (1852), cited, V. 315; on nat. of Fed. Gov't, cited, V. 392, 403; on State rights, quoted, VI. 40, 45; reprimand by, of Gen. Jackson, cited, VI. 79; on Const., quoted, VI. 168; ref. to, VI. 397; on slavery, cited, VI. 405; on naturalization, VII. 13, 16, 18; drafts res. vs. Sedition Law for legis., VII. 92; report on Va. res. vs. Sedition Law, VII. 105; quoted, VII. 239; on executive powers of removal, IX. 11, 21; on roads and canals, X. 138-139; vetoes appropriation for internal improvements, X. 139, 149, 150; on Const., X. 149-150; on State rights, X. 220; on cod-fisheries bill, XI. 114; on alcohol tax, XII. 10, 21; on indirect taxation, XII. 13, 14, 16; on tariff, cited, XII. 177; on ministerial functions, XIII. 19, 21; on redemption of public debt, XIII. 28; opposes estab. nat. bank, XIII. 34; disapproves bill to establish nat. bank, XIII. 52; message of, on national finances, XIII. 52; approves bill establishing U. S. Bank, XIII. 53; quoted, XIII. 89; proposition of, regarding public debt, XIII. 10, 11; quoted, XII. 197; British caricature of, II. 218; portrait, VII. frontispiece.
Magoffin, Beriah (Ky.): b. 1815, d. 1885; adm. bar 1839; gov. Ky. 1859-1862; address by, against secession, V. 276, 277; refuses Lincoln's call for militia, VI. 57.
Magruder, John B., Gen. (Va.): b. 1810, d. 1871; grad. West Point 1830; major-gen. Confed. army; major-gen. Maximilian's army; employs slaves on earthworks, VI. 119.
Maguire, James G. (Cal.): b. 1853; adm. bar 1878; M. C. 1893-1899; opposes R. R. funding bill, X. 288-290, 307, 317, 320; on Dingley tariff, XII. 339, 340; offers single tax amend. to tariff bill, XII. 407, 408; on silver purchase repeal, XIV. 353.
Mahan, Alfred T. (N. Y.): b. 1840; grad. U. S. Naval Acad. 1859; capt. 1885; author of naval science and history; quoted, III. 173, 226; on Panama Canal, cited, III. 444.
Mahon, Thaddeus M. (Pa.): b. 1840; in U. S. army; adm. bar 1871; M. C. 1893-1907; on Wilson tariff, XII. 298.
Mallory, Robert (Ky.): b. 1815, d. 1885; M. C. 1859-1865; on Fug. Slave bill, VI. 125 *ss*.
Mallory, Stephen R. (Fla.): b. 1813, d. 1873; adm. bar. 1839; Sen. 1851-1861; Sec. Confed. Navy 1861-1865; on relations with Spain, III. 79, 80, 97.
Mann, James R. (Ill.): b. 1856; adm. bar 1881; M. C. 1897—; on Hay-Pauncefote Treaty, III. 372 *ss*; on capitalization of R. Rs., X. 451; supports R. R. rate regulation, X. 477; on pure food bill, XI. 471; on Payne tariff, XII. 376.
Manning, Dan'l F. (N. Y.): b. 1831, d. 1887; pub. Albany *Argus*; Sec. Treas. 1885-87; ref. to, XIV. 249.
Mansfield, William Murray, Earl of (Brit.): b. 1705, d. 1793; founder Eng. commercial law; on right to tax America, I. 58 *ss*; John Randolph on, II. 245; on slavery, quoted, VI. 158, 159; ref. to, XIII. 361.
March, C. W., journalist: on Webster-Hayne debate, V. 37.
Marcy, William L. (N. Y.): b. 1786, d. 1857; adm. bar 1812; served in War of 1812; ass. justice st. sup. ct. 1829; Sen. 1831-1832; gov. N. Y. 1833-1839; comm. Mex. claims 1839-1842; Sec. War 1845-1849; Sec. State 1853-1857; urges freedom of commerce, II. 394; on relations with Cuba, III. 73, 77, 83, 84; on Clayton-Bulwer Treaty, cited, III. 360, 361; on the Koszta affair, VII. 120; caricatures of, IV. 313, 321; VII. 121.
Marroquin, Francisco: Pres. of Colombia, negotiations with, III. 407.
Marsh, Benjamin F. (Ill.): b. 1839, d. 1905; adm. bar 1860; in Civil War; M. C. 1877-1883, 1893-1901, 1903-1905; on Nicaragua Canal, III. 380, 381.
Marshall, John (Va.): b. 1755, d. 1835; capt. in Continental Army 1777; adm. bar 1780; one of spec. comm. France 1797-1798; M. C. 1799-1800; Sec. State 1800; chief justice U. S. 1801-1835; interpret. of Const., I. 11, 12; on Patrick Henry's Stamp Act res., I. 23, 24; in Va. Cons. Conv., I. 370, 371; envoy to France, II. 69; ordered to leave France, II. 82; quoted on non-intervention, II. 287; on Const., cit., III. 252; on gov't of terr., cited, III. 281, 282; on U. S. Bank, cited, IV. 154; Watterson on, VI. 1; on Wm. Pinkney, cited, VI. 157; opinion on power to tax, in case of McCulloch *vs.* Maryland, cited, VI. 397, X. 85; on rights of aliens, VII. 132; ref. to, VII. 385; on jurisdiction in Cherokee removal, VIII. 275; opposes reduction of army, IX. 190; on Federal authority *in re* transportation, X. 213; on jurisdiction of U. S. Courts, XI. 46; on jurisdiction of Cong. over commerce, XI. 315; ref. to, XIII. 80; def. of bill of credit by, XIII. 200; portrait, IX. frontispiece.
Marshall, Sam'l S. (Ill.): b. 1824, d. 1890; adm. bar 1845; circuit ct. judge 1851-1854, 1861-1864; M. C. 1855-1859, 1865-1875; in debate on tariff of 1870, XII. 139.
Martin, Augustus N. (Ind.): b. 1847, d. 1901; served in Civil War; adm. bar 1870; M. C. 1889-1895; on silver purchase repeal, XIV. 387.
Martin, Eben W. (S. D.): b. 1855; adm. bar 1880; M. C. 1901—; on reciprocity, XII. 436.
Martin, Luther (Md.): b. 1774, d. 1826; adm. bar 1771; mem. Annapolis conv. 1774; att.-gen. Md. 1778-1805, 1818-1820; delegate Cont. Cong. 1784-1785; mem. Fed. Const. Conv.; chief justice ct. oyer and terminer 1814; in Const. Conv., I. 327 *ss*, 333, 344, 356.
Marvin, William (Fla.): b. 1808, d. 1882; adm. bar 1833; dist. att. south. Fla. 1835; judge of Fla. 1849-1863; provisional gov. Fla. 1865; appt. provisional gov. Fla., VII. 276.
Marx, Karl: socialist, XI. 348.
Masó, Bartolome, Pres. of Cuba: Sen. Foraker on, III. 139.
Mason, George (Va.): b. 1726, d. 1792; non-importation res. 1769; mem. Va. conv. 1775; conv. framing Fed. const. 1787; delegate to Const. Conv., I. 3, 4; bill of rights drafted by, I. 184 *ss*; in Const. Conv., I. 314, 318, 319, 325, 357, 366.
Mason, James M. (Va.): b. 1798, d. 1871; adm. bar 1820; M. C. 1837-1839; Sen. 1847-1861; comm. Confederacy to Gt. Brit. and France 1861-1865, II. 378, 380; on annex. of Cuba, III. 71, 72; on slavery, IV. 151, 153, 160, 190, 191, 240; Henry Clay on, IV. 194, 253; reads speech of Calhoun, IV. 197; on Mo. Comp., quoted, IV. 298; attacked by Sumner, IV. 340 *ss*, 351; reply, IV. 347 *ss*, 351; on John Brown affair, V. 195, 197, 206 *ss*; Trumbull on, V. 198; on Conciliation Bill, V. 341, 342, 344; on Lincoln's inaugural, VI. 35 *ss*; opposes Pacific R. R. subsidy, X. 183.
Mason, John Y. (Va.): b. 1799, d. 1859; adm. bar 1819; M. C. 1831-1837; Sec. Navy 1844-1845, 1846-1849; Att.-Gen. 1845-1846; min. France 1854-1859; instructions to, III. 83, 84.
Mason, Jonathan (Mass.): b. 1752, d. 1831; adm. bar 1777; Sen. 1800-1803; M. C. 1817-1820; on tenure of office of judges, IX. 501.
Mason, Stevens T. (Va.): b. 1760, d. 1803; brig.-gen. Va. militia; delegate st. const. conv. 1788; Sen. 1794-1803; on controversy over La., II. 99 *ss*; on tenure of office of judges, IX. 504.
Mason, William E. (Ill.): b. 1850; adm. bar 1872; M. C. 1887-1891; Sen. 1897-1903; on recog. Cuban indep., III. 155; on annex. of Philippines, III. 270 *ss*.
Masters, Josiah (N. Y.): b. 1763, d. 1832; adm. bar c. 1788; mem. state leg. 1792, 1800, 1801; ass. judge Rensselaer county 1801-1805; M. C. 1805-1809; judge ct. com. pleas Rensselaer county 1809-1822; on embargo, II. 135 *ss*.
Matthews, Stanley (O.): b. 1824, d. 1889; adm. bar 1842; ed. Cincinnati *Herald* 1846-1849; judge ct. common pleas 1850-1852; dist. att. s. O. 1858-1861; col. in Civil War 1861-1863; judge Cincin. superior ct. 1863-1864; Sen. 1877-1879; ass. judge U. S. Sup. Ct. 1881-1889; on restricting Chinese immigration, XI. 237; on legal tender of silver, XIV. 58 *ss*, 63, 69; caricature of, IX. 133.
Maxey, Samuel B. (Tex.): b. 1825, d. 1895; grad. West Point 1846; resigned 1st lieutenantship 1849; adm. bar 1850; master in chancery 1852-1856; dist. att. 1858-1859; major-gen. Confed. army 1864; Sen. 1875-1887; on internat. monetary conf., XIV. 137.
Maynard, Horace (Tenn.): b. 1814, d. 1882; grad. Amherst 1838; prof. U. of E. Tenn. 1839-1844; adm. bar 1844; att.-gen. Tenn. 1853-1865; M. C. 1857-1863, 1865-1875; minister to Turkey 1875-1880; Postmaster-Gen. 1880-1881; on reconstruction, VIII. 51; on tariff of 1870, XII. 134 *ss*.
Meade, Edwin R. (N. Y.): b. 1836, d. 1889; adm. bar 1858; M. C. 1875-1877; on Chinese exclusion, XI. 216.
Meade, George G.: b. 1816, d. 1872; grad. West Pt. 1835; brig.-gen. 1861; major-gen. 1862; com.-in-chief Army of Potomac 1863; army of, Pres. Lincoln on, VI. 331.
Meade, Richard Kidder (Va.): b. 1795, d. 1862; M. C. 1847-1853; min. Brazil 1857-1861; on slavery, IV. 180, 181.
Meagher, Thomas F. (Ire.): b. 1823, d. 1867; banished from Ire. for sedition 1848; escaped to U. S. 1852; brig.-gen. Union A. 1864; gov. *pro*

tem. Montana 1866; ref. to, II. 270 *ss.*

MEIGS, HENRY (N. Y.): b. 1782, d. 1861; adm. bar c. 1802; served in war of 1812; M. C. 1819-1821; on slavery, IV. 77, 78.

MELANCTHON, PHILIP: b. 1497, d. 1560; German Reformer; on polygamy, VIII. 451.

MELVILLE, HENRY DUNDAS (Eng.): impeachment of, cited, IX. 72.

MERCER, CHARLES F. (Va.): b. 1778, d. 1858; capt. cavalry U. S. army 1798-1800; adm. bar 1802; brig.-gen. War of 1812; M. C. 1817-1839; on censure of Gen. Jackson, VIII. 254.

MERCER, JOHN FRANCIS (Md.): b. 1759, d. 1821; lieut.-col. Va. cavalry at end of Rev.; delegate from Md. to Fed. Const. Conv., I. 3; M. C. 1792-1794; gov. Md. 1801-1803; on ministerial functions, XIII. 19, 20.

MEREDITH, WILLIAM, SIR (Eng.): opposes Stamp Act in House of Commons, I. 18.

MERRIMON, AUGUSTUS S. (N. C.): b. 1830, d. 1892; adm. bar 1852; capt. Confed. army 1861; judge N. C. superior ct. 1866-1867; Sen. 1873-1879; ass. judge N. C. supreme ct. 1883-1889; chief justice 1889-1892; on internat. monetary conf., XIV. 132-136.

MERRITT, WESLEY (N. Y.): b. 1836; grad. West. Point 1860; chief military division of Gulf 1865; col. 5th cavalry 1876; chief of cavalry of Big Horn and Yellowstone expeditions; supt. U. S. Military Acad. West Point 1882; brig.-gen. 1887; military gov. Philippines 1898; in Philippines, III. 247.

MEYER, HELEN E., translator for "Great Debates in American History," I. xx.

MIFFLIN, THOMAS (Pa.): b. 1774, d. 1800; mem. col. legis. 1772-1774; delegate Cont. Cong. 1774-1776, 1782-1784; quartermaster-gen. Cont. Army 1775-1777; major-gen. 1777-1779; Speaker st. house of rep. 1785-1788; delegate Fed. Const. Conv. 1787; pres. sup. ex. council Pa. 1788-1790; gov. Pa. 1790-1799; vote by, vs. slavery in N. W. Terr., cited, V. 247; coöperation of, with Gen. Washington, in suppression of Pa. insurrection, cited, V. 414; eulogy of Gen. Washington, quoted, VI. 347.

MILL, JOHN STUART (Eng.): b. 1806, d. 1873; pol. economist; his wages fund theory, X. 68; quoted, XIV. 373; ref. to, 380.

MILLER, MARCUS P., GEN.: brig.-gen.; comm. army in Philippines 1898-1899; Wm. E. Mason on, III. 277.

MILLER, GEO. F. (Pa.): b. 1809, d. 1888; M. C. 1865-1869; on purchase of Alaska, II. 406; asks for impartial trial of Johnson, IX. 620; on payment of bond interest in gold, XIII. 319, 320.

MILLER, JACOB W. (N. J.): b. 1800, d. 1862; adm. bar 1823; Sen. 1841-1853; on slavery, IV. 148 *ss.*

MILLER, JOHN F. (Cal.): b. 1831, d. 1886; adm. bar 1852; maj.-gen. Union army 1865; Sen. 1881-1886; introduces Chinese exclusion bill, XI. 262.

MILLER, MARION MILLS (N. Y.): b. 1864; editor "Great Debates in American History"; preface by, I. xi. *ss.*

MILLER, WILLIAM E. (Ia.): b. 1823, d. 1896; Union A.; judge Ia. dist. ct. 1858-1862; 1868-1869; justice sup. ct. 1869-1876; on private rights, IX. 4.

MILLIKEN, SETH L. (Me.): b. 1831, d. 1897; adm. bar 1856; M. C. 1883-1897; on liquor tax, XI. 401; on Mills tariff bill, XII. 242.

MILLS, ROGER Q. (Tex.): b. 1832, d. 1911; adm. bar 1852; col. Confed. army; M. C. 1873-1892; Sen. 1892-1899; on relations with Cuba, III. 105, 113 *ss*, 135; *in re* rules of House, IX. 351; on ship subsidies, XI. 176 *ss*; on restriction of immigration, XI. 278; on taxation of banks, XII. 121, 122; bill by, for purchase of Gov. bonds, XII. 226 *ss*; bill by, for tariff reduction, XII. 230 *ss*; in debate on bill, XII. 231 *ss*; ref. to, XII. 253; on McKinley tariff, XII. 265 *ss*; on Dingley tariff, XII. 352 *ss*; vote by, XII. 359; on national banks, XIII. 235, 238; caricature of, XII. 323.

MILLSON, JOHN S. (Va.): b. 1808, d. 1873; adm. bar 1829; M. C. 1849-1861; on Koszta affair, VII. 124; on polygamy, VIII. 411, 412, 415, 420.

MINER, CHARLES (Pa.): b. 1780, d. 1865; M. C. 1825-1829; on slavery in D. C., IV. 103.

MITCHELL, JOHN H. (Ore.): b. 1835, d. 1905; adm. bar 1856; Portland corp. att. 1861; State Sen. 1862-1866; Pres. st. Sen. 1864-1866; lieut.-col. State militia 1865; Sen. 1873-1879, 1885-1905; on Panama Canal, III. 399 *ss*; proposes Const. amend. for pop. election of Pres., IX. 409; *in re* R. R. land grants, X. 265.

MONDELL, FRANK W. (Wyo.): b. 1860; mayor Newcastle, Wyo., 1888-1895; pres. 1st st. sen. 1892; M. C. 1895—; introduces res. for woman suf., VIII. 354.

MONEY, HERNANDO DE SOTO (Miss.): b. 1839, d. 1912; served in Confed. army; M. C. 1875-1885, 1893-1897; Sen. 1897-1911; opinion by, on war, III. 150; on canal fortifications, III. 441; on income tax, XII. 416.

MONROE, JAMES (Va.): b. 1758, d. 1831; served Cont. army, lieut.-col. 1780; delegate Cont. Cong. 1783-1786; adm. bar; Sen. 1790-1794; min. France 1794-1796; gov. Va. 1799-1802; min. to France 1803; min. to Eng. 1803; to Spain 1804; gov. Va. 1811; Sec. State 1811-1817; Pres. 1817-1825; in Va. Const. Conv., I. 366; informed of dissolution of French Alliance, II. 57; recalled by Washington, II. 58; Harper on letter of, II. 78; apptd. spec. envoy to France, II. 89; offer for La. by, II. 101; on recog. of S. A. republics, II. 223, 231 *ss*; Hayne on, II. 237, 238; on Greek Rev., II. 249; on military drafts, quoted, VI. 281; portrait, II., frontispiece.

MONTESQUIEU DE, CHARLES DE SECONDAT, BARON (France): b. 1689, d. 1755; judge Bordeaux; mem. Fr. Acad. 1728; Fellow Royal Society, London; on international law, quoted, II. 277; quoted by Corwin, II. 368, 369.

MONTGOMERY, RICHARD, GEN.: b. 1736, d. 1775; capt. 1762; sold com. 1773; attack on Quebec 1775; death of, I. 171; John Randolph on, II. 161; Calhoun on, II. 174, 175; Shields on, II. 275.

MONTGOMERY, WILLIAM (Pa.): b. 1818, d. 1870; adm. bar 1841; M. C. 1857-1861; on Lecompton Const., V. 107; bill by, Douglas on, V. 149.

MOODY, GIDEON C. (S. Dak.): b. 1832, d. 1904; adm. bar 1853; capt. Union A. 1864; ass. justice sup. ct. Dak. Terr. 1878-1883; adm. bar U. S. Sup. Ct. 1884; Sen. 1889-1891; on dependent-pension bill, IX. 278.

MOODY, WILLIAM GODWIN, publicist, *in re* R. R. land grants, X. 259.

MOORE, FRANK: compiler of American orations, I. xviii.

MOORE, J. HAMPTON (Pa.): b. 1864; M. C. 1906—; on reciprocity, XII. 437.

MOORE, THOMAS, Irish poet: b. 1779, d. 1852; quoted on Indians, VIII. 251.

MORGAN, JOHN T. (Ala.): b. 1824, d. 1907; adm. bar 1845; brig.-gen. Confed. A. 1863; Sen. 1877-1907; on isthmian canal, III. 352, 353; reports Nicaragua Canal bill, III. 382; on isthmian canal, III. 392 *ss*, 402 *ss*, 415, 416; res. by, on Panama rev., III. 430, 431; on Indian policy, VIII. 301; on polygamy, VIII. 463 *ss*; on R. R. rate regulation, X. 370-373, 486; on Sherman anti-trust law, XI. 63; on restriction of immigration, XI. 275; on internat. monetary conf., XIV. 136.

MORIER, J. H.: cartoons by, XI. 300, 385.

MORLEY, LORD JOHN (Eng.): on African race problem, quoted, IV. 3.

MORRILL, DAVID L. (N. H.): b. 1772, d. 1849; practiced medicine 1807-1830; Congregational min. 1802-1811; Sen. 1817-1823; gov. N. H. 1824-1826; ed. N. H. *Observer* 1831-1849; on African slave trade, IV. 35, 38, 39, 41; opinion by, IV. 73.

MORRILL, JUSTIN SMITH (Vt.): b. 1810, d. 1898; M. C. 1855-1867; Sen. 1867-1898; on annex. of San Domingo, III. 13; on annex. of Hawaii, III. 217, 230 *ss*; Sen. Hoar on, III. 236; res. by, on protecting slave State interests, V. 437; mem. comm. on reconstruction, VII. 307; on polygamy, VIII. 431, 437; on tariff of 1857, XII. 83 *ss*; on internal revenue bill, XII. 104 *ss*; tariff bill by, XII. 123; on tariff of 1861, quoted, XII. 231; on Wilson tariff, XII. 322, 323; on reciprocity, XII. 429; on reduction of currency, XIII. 341; on recoinage of silver dollar, XIV. 30 *ss*; on legal tender of silver, XIV. 63; on internat. monetary conf., XIV. 79 *ss*; introduces bill for purchase of silver, XIV. 205; on silver purchase, XIV. 264.

MORRILL, LOT M. (Me.): b. 1813, d. 1883; adm. bar 1837; gov. Me. 1858-1860; Sen. 1861-1876; Sec. Treas. 1876-1877; on compensated emancipation bill, VI. 183; on civil rights, VII. 392; on equal male suf., VIII. 16, 24; on reconstruction, VIII. 55; quoted, XIII. 434.

MORRIS, GOUVERNEUR (Pa. and N. Y.): b. 1752, d. 1816; del. Cont. Cong. from Pa. 1787-1788, I. 3; mem. conv. framing const. 1787; U. S. min. to France 1792-1794; Sen. from N. Y. 1800-1803; in Const. Conv., I. 344, 345, 354, 355, 358, 361; on war with Spain, II. 97 *ss*; on acquisition of territory, quoted, III. 281, 282; on slavery, quoted, IV. 236; on tenure of office of judges, IX. 502, 507, 513; quoted, XIII. 197.

MORRIS, ISAAC N. (Ill.): b. 1812, d. 1879; adm. bar 1836; M. C. 1857-1861; on election of Lincoln, V. 438.

MORRIS, ROBERT PAGE WALLER (Minn.): b. 1853; grad. Va. Military Inst. 1872; adm. bar 1880; municipal judge Duluth 1889; city att. 1894; M. C. 1897-1903; dist. judge Minn.; on Panama Canal, III. 387, 388.

MORRIS, THOMAS (O.): b. 1776, d. 1844; adm. bar 1804; state senator four terms; judge O. sup. ct. 1815-1820; Sen. 1833-1839; nom. Vice-Pres. by abolitionists, II. 336.

MORRISON, WILLIAM R. (Ill.): b. 1825; col. Union A.; M. C. 1863-1865, 1873-1887; chm. Interstate Com. Com. 1891-1897; on bill for tariff commission, XII. 210 *ss*; bill by, for "horizontal reduction," XII. 220; Wm. C. P. Breckinridge on, XII. 252.

MORSE, ELIJAH A. (Mass.): b. 1841, d. 1898; served Union A.; M. C. 1889-1897; argues for business methods in legislation, IX. 379.

MORSE, MR.: consul at London, report by, on Am. commerce during Civil War, II. 438, 439.

MORTON, OLIVER P. (Ind.): b. 1823, d. 1877; adm. bar 1847; circuit judge 1852; gov. Ind. 1860-1868; Sen. 1867-1877; on annex. of San Domingo, III. 10, 20, 23, 26; on XVth Amend., VIII. 143, 144, 146, 156; proposes const. amend., VIII. 160; on Southern outrages, VIII. 165, 196; on Civil Service bill, IX. 289 *ss*, 296; on reduction of currency, XIII. 346; on resumption of specie payments, XIII. 352 *ss*.

MOSES, BERNARD (Cal.): b. 1846; prof. hist. and pol. sc. in Univ. of Cal. 1876—; apptd. commissioner to Philippines, III. 323.

MOTLEY, JOHN LOTHROP (Mass.): b. 1814, d. 1877; sec. legation Russian mission 1841; min. to Austria 1861-1867; min. to Eng. 1869-1870; historian and litterateur; min. to G. B.; *in re Alabama* claims, II. 443.

MOTT, LUCRETIA (Mass.): b. 1793, d. 1880; Friend and abolitionist; temperance reformer and suffragist; *in re* woman suf., VIII. 318.

MUHLENBERG, FREDERICK A. C. (Pa.): b. 1750, d. 1801; Luth. min.; del. Cont. Cong. 1779-1780; del. st. const. cong. 1790; M. C. 1789-1797; Speaker 1st Cong.; on com. treaty with G. B., II. 50.

MULLINS, MR. (S. C.): on secession, V. 275.

MURDOCK, WILLIAM (Md.): b. 1720, d. 1775; on Stamp Act Cong. com. to draft petition to King, I. 27.

MURRAY, WILLIAM (Ky.): opposes Va. res., V. 9.

MURRAY, WILLIAM VANS (Md.): b. 1762, d. 1803; M. C. 1791-1797; min. to Netherlands 1797-1801; on com. treaty with Gt. Brit., II. 51, 52; apptd. min. to France, II. 86; on naturalization, VII. 14, 19; on ministerial functions, XIII. 19.

MYERS, LEONARD (Pa.): b. 1827, d. 1905; M. C. 1863-1875; on purchase of Alaska, II. 421, 422.

N

NAPOLEON BONAPARTE (France): b. 1769, d. 1821; brig-gen. 1793; commander-in-chief of the Army of Interior 1796; First Consul 1798; Emperor 1804; King of Italy 1805; abdicated 1814 and sent to Elba; returned to France, but was defeated by allies under Wellington 1815; abdicated and exiled to St. Helena; policy of, II. 86, 101; commercial restrictions of, II. 128, 131, 147, 148; Clay on, II. 198 *ss*; Champ Clark on, III. 208; commercial decrees of, ref. to, XII. 309; quoted XIII. 441.

NAPOLEON III. (France): b. 1808, d. 1873; President of France 1848-1852; Emperor 1852-1870; deposed and retired to England; proposal by, for mediation between North and South, VI. 268.

NAST, THOS. (N. Y.): b. Germany 1840; newspaper artist; cartoonist *Harper's Weekly* 1862—; ed. *Nast's Weekly* 1892; cartoons by, VII. 135, 298, 405; VIII. 195, 200, 212, 303; IX. 103, 115, 292, 329; XI. 399; XII. 223, 229; XIII. 374, 379, 418, 419; XIV. 39; ref. to I. xxxi.

NATHAN, MAUD (MRS. FRED'K) (N. Y.): since 1897 pres. Consumers' League; *in re* woman suf., VIII. 393.

NEAL, LAURENCE TALBOTT (O.): b. 1844, d. 1905; adm. bar 1867; M. C. 1873-1877; cand. for gov. of O. 1893; ref. to, XII. 363.

NELAN, CHARLES, cartoons by, III. 201, 299, 307, 375; XI. 105.

NELSON, KNUTE (Minn.): b. 1843; adm. bar 1867; M. C. 1883-1889; gov. of Minn. 1892-1895; Sen. 1895—; on usurpation of forest lands, X. 132.

NELSON, SAMUEL (N. Y.): b. 1792, d. 1873; adm. bar 1817; chief just. N. Y. 1837-1845; ass. just. U. S. Sup. Ct. 1845-1872; assoc. justice Supreme Court, appointed, on Joint High Commission, II. 444; on Dred Scott case, IV. 383; on slavery, quoted, V. 113; on coercion of States by Fed. Gov., VI. 52.

NELSON, THOMAS A. R. (Tenn.): b. 1812, d. 1873; adm. bar 1832; M. C. 1859-61; reëlected, but prevented by Confeds. from taking seat; judge State sup. court; counsel for Pres. Johnson, IX. 92.

NESMITH, JAS. W. (Ore.): b. 1820, d. 1885; judge; Sen. 1861-67; M. C. 1873-75; ref. to, XII. 172.

NESSELRODE, COUNT, KARL ROBERT (Russia): b. 1780, d. 1862; chancellor; treaty with U. S. concluded by, II. 413.

NEWLANDS, FRANCIS GRIFFITH (Nev.): b. 1848; M. C. 1893-1903; Sen. 1903—; introduces resolution for annex. of Hawaii, III. 172.

NIBLACK, WILLIAM ELLIS (Ind.): b. 1822, d. 1893; judge circuit ct. 1854-1857; M. C. 1857-1861, 1865-1875; judge sup. ct. Ind. 1877-1889; Speaker Ind. Ass. 1889-1891; on reconstruction, VII. 320; on reconstruction, VIII. 51; on XVth Amend., VIII. 114.

NICHOLAS, GEO. (Va.): b. 1755, d. 1799; mem. Const. Conv. 1792; 1st attorney-gen. Ky.; *in re* Ky. resolutions, V. 2; letter of Jefferson to, V. 5.

NICHOLAS, JOHN (Va.): b. 1761, d. 1819; M. C. 1793-1799; judge ct. of common pleas N. Y. 1806-1819; on powers of Congress, II. 72; on naturalization, VII. 13; on sedition law, VII. 61, 67; on Provisional Army, IX. 182; proposes reduction of army, IX. 189, 191; on indirect taxation, XII. 13, 15, 16.

NICHOLAS, ROBERT CARTER (Va.): opposes Patrick Henry's militant resolutions, I. 159.

NICHOLAS, WILSON CAREY (Va.): b. 1761, d. 1820; mem. Const. Conv. Va.; Sen. 1800-1804; M. C. 1807-1809; Gov. of Va. 1814-1817; on Purchase, II. 111, 112; Jefferson in conference with, V. 5, 6.

NICHOLSON, ALFRED OSBURNE POPE (Tenn.): b. 1808, d. 1876; adm. bar 1831; ed. *Western Mercury* 1832-1835; Sen. 1840-1843; ed. *Nashville Union* 1844-1846; Sen. 1859-1861; chief justice sup. ct. Tenn. 1870-1876; letter of Lewis Cass to, IV. 134; Jefferson Davis on, V. 226; in debate on Conciliation Bill, V. 377, 378.

NICHOLSON, JOSEPH H. (Md.): b. 1770, d. 1817; M. C. 1799-1806; ch. justice ct. of app. Md. 1807-1817; resolution by, II. 115.

NILES, JOHN M. (Ct.): b. 1787, d. 1856; ed. *Hartford Times* 1819-1829; Sen. 1835-1839; U. S. Postmaster Gen. 1840-1841; Sen. 1843-1849; Samuel S. Phelps on, IV. 150, 151; on slavery, IV. 162.

NIMMO, JOSEPH: b. 1837; director of census; report on commerce by, ref. to, XII. 128, 129.

NOBLE, WARREN PERRY (O.): b. 1821, d. 1903; M. C. 1861-1865; on Freedmen's Aid bill, VII. 169; on national banks, XIII. 227 *ss*.

NOELL, JOHN W. (Mo.): b. 1816, d. 1863; M. C. 1859-1863; offers plan of conciliation, V. 437.

NOELL, THOMAS E. (Mo.): b. 1839, d. 1867; lawyer; in Union army; M. C. 1865-67; supported administration 1867, VII. 464; on woman suf., VIII. 317, 320 *ss*.

NORRIS, GEO. W. (Neb.): b. 1861; adm. bar 1883; M. C. 1903—; in debate on reciprocity with Canada, XII. 436, 437.

NORTH, LORD (Eng.): b. 1732, d. 1792; appointed First Lord of Treasury, I. 77; interview with Josiah Quincy, Jr., I. 99, 100; proposes in Commons joint address to King on colonial affairs, I. 107; "conciliatory plan" submitted by, I. 111, 112.

NORTHCOTE, SIR STAFFORD (Eng.): appointed on Joint High Commission, II. 444.

NORWOOD, THOMAS M. (Ga.): b. 1830; adm. bar 1852; Sen. 1871-1877; M. C. 1885-1889; on free coinage of standard silver dollars, XIV. 173 *ss*.

NYE, JAMES W. (Nev.): b. 1814, d. 1876; gov. of Nev. 1861-1862; Sen. 1862-1873; on annex. of San Domingo, III. 31 *ss*; on Southern outrages, VIII. 174, 176, 177, 178; on civil service reform, X. 297 *ss*.

O

OATES, WILLIAM C. (Ala.): b. 1835, d. 1910; in C. S. A.; lawyer; M. C. 1881-95; opposes increase of navy, IX. 256 *ss*; gov. Ala. 1895-96.

O'BRIEN, SMITH, Irish patriot: ref. to, II. 269 *ss*.

O'CONOR, CHARLES (N. Y.): b. 1804, d. 1884; lawyer; mayor N. Y. City 1855; on slavery, V. 194, 195.

OGLESBY, RICHARD J. (Ill.): b. 1824, d. 1899; adm. bar 1845; in Mex. war; in Union army 1861-64; gov. Ill. 1864-72; Sen. 1873-1879; *in re* impeachment of Pres. Johnson, IX. 86; on legal tender of silver, XIV. 69.

OLIN, ABRAHAM R. (N. Y.): b. 1812, d. 1879; adm. to bar 1838; M. C. 1857-1863; judge supreme ct. D. C. 1863; on compensated emancipation of slaves, VI. 174 *ss*; Vallandigham on, VI. 288, 289; Voorhees on, VI. 308; in debate on conscription bill, VI. 311.

OLIVER, MORDECAI (Mo.): b. 1819; lawyer; M. C. 1853-57; on com. to investigate affairs in Kan., IV. 324.

OLIVER, WILLIAM M. (N. Y.): M. C. 1841-43; quoted, XIV. 191.

OLMSTED, MARLIN E. (Pa.): M. C. 1897—; adm. bar 1878; ref. to, XII. 396.

OLNEY, RICHARD (Mass.): b. 1835; adm. to bar 1859; Atty.-Gen. 1893; Sec. of State 1895; correspondence of, on Venezuela boundary dispute, III. 47, 51 *ss*; quoted in debate on recog. of Cuban ind., III. 113.

O'NEILL, CHARLES (Pa.): b. 1821, d. 1893; lawyer; M. C. 1873-93; *in re* R. Rs., X. 247, 354-357.

OPPER, F. (N. Y.): artist; b. 1857; cartoons by, III. 382; XI. 75.

O'REILLY, LEONORA, social worker: on right of women to vote, VIII. 356.

ORR, JAMES L. (S. C.): b. 1822, d. 1873; adm. to bar 1843; M. C. 1849-59; chairman com. on Indian aff.; Speaker of House 1857; Confed. comm'r 1860; mission of, to Washington, D. C., V. 280, 281; Confed. gen. 1861; gov. 1866-68; min. to Russia 1872.

OTIS, ELWELL S.: b. 1838, d. 1909; in Union army 1862; maj.-gen. 1900; commander and gov. Philippines 1898-1900; on Philippines comm'n 1899, III. 322, 323.

OTIS, HARRISON GRAY (Mass.): b. 1765, d. 1838; adm. bar 1786; M. C. 1797-1801; in Hartford Convention 1814; Sen. 1817-22; mayor Boston 1829; on peace resolutions, II. 71; on relations with France, II. 75; on deportation of aliens, VII. 27, 38; on sedition law, VII. 63, 70; on the provisional army, IX. 183; on reduction of army, IX. 197.

OTIS, JAMES (Mass.): b. 1725, d. 1783; adm. bar 1746; counsel for colonists against Writs of Assistance; mem. Stamp Act Congress 1765, I. 27; character of, I. 65; on letter of Lord Hillsborough, I. 74.

OUTHWAITE, JOSEPH H. (Ohio): b. 1841, d. 1907; adm. to bar 1866; M. C. 1885-94; chairman com. Pacific R. Rs.; on ship subsidies, XI. 139, 158.

OWEN, ROBERT L. (Okla.): b. 1856; lawyer; Sen. 1907—; defends Arizona constitution, IX. 526.

P

PAGE, JOHN (Va.): b. 1744, d. 1808; lt.-gov. Va.; M. C. 1789-97; on slave trade, IV. 16; on naturalization, VII. 11, 17, 18; on cod-fisheries bill, XI. 116.

PAGE, WALTER HINES (N. Y.): b. N. C. 1855, ed. *Forum* 1890-95, *Atlantic Monthly* 1896-99; *World's Work* 1900-1913; amb. to G. B. 1913—; introd. by, on reconstruction, VIII. 1 *ss*.

PAINE, ROBERT TREAT (Mass.): b. 1731, d. 1814; adm. bar 1759; on intercolonial com., I. 85; M. C.

1774-78; sig. Dec. Ind.; atty.-gen. Mass. 1780-90; sup. ct. 1790-1804.
PAINE, THOMAS (Pa.): b. 1737, d. 1809; pub. "Common Sense" 1776; quoted, I. 174 *ss*; controversy with Earl of Shelburne, I. 227 *ss*; pub. "Age of Reason" 1794; caricature of, I. 228.
PAKENHAM, RICHARD, Brit. min. to U. S.; on Ore. boundary, II. 307, 332.
PALMA, ESTRADA: el. Pres. of Cuba, III. 168.
PALMER, JOHN M. (Ill.): b. 1817, d. 1900; adm. bar 1839; in Union army, maj.-gen.; gov. 1868-72; Sen. 1891-97; favors pop. election of senators, IX. 416-421; on restriction of immigration, XI. 273; nom. Pres. by National [Gold] Democrats, 1896.
PALMER, ROUNDELL, SIR (Eng.): *in re Alabama* claims, II. 445.
PALMER, THOMAS W. (Mich.): b. 1813; Sen. 1884-90; min. to Spain 1889-90; advocates R. R. regulation, X. 324-332.
PALMERSTON, HENRY JOHN TEMPLE, LORD: b. 1784, d. 1865; Min. For. Affairs, later prime minister G. B.; quoted on intervention, II. 293; letters of, on international law, II. 379, 380; on slavery, II. 435.
PARKER, ALTON B.: b. 1852; adm. bar 1877; ch. justice Ct. of Appeals, N. Y., 1898-1904; Dem. candidate for Pres. 1904; plan to curb trusts, XI. 93; caricature of, XI. 93.
PARKER, EDWARD W. (Md.): b. 1860; statistician U. S. Geol. Survey; com'r coal strike, ref. to, XI. 335.
PARKER, JOEL (N. H.): b. 1795, d. 1875; adm. bar 1815; judge sup. ct. N. H. 1833; on bills of attainder, quoted, VI. 204, 205.
PARKER, JOSIAH (Va.): b. 1751, d. 1810; col. in Rev.; M. C. 1789-1801; on alcohol tax, XII. 10.
PARKER, SAMUEL W. (Ind.): b. 1805; lawyer; M. C. 1851-55; on polygamy, VIII. 414.
PARKER, THEODORE: b. 1810, d. 1860; liberal clergyman; quoted *in re* equal suf., VIII. 12.
PARNELL, CHARLES STEWART (Ire.): b. 1846, d. 1891; Irish leader; M. P.; quoted, XIV. 347.
PARSONS, HERBERT (N. Y.): b. 1869; adm. bar 1894; M. C. 1905-11; introd. bill on child labor, XI. 289.
PARSONS, LEWIS E.: b. 1817, d. 1895; lawyer; app. provis. gov. Ala. 1865, VII. 276.
PATERSON, WILLIAM (N. J.): b. 1745, d. 1806; adm. bar 1769; del. to Cons. Conv. 1787; U. S. Sen. 1789-90; gov. N. J. 1791-93; assoc. justice U. S. Sup. Ct. 1791-1806, I. 3; plan of Const. by, I. 297; in Cons. Conv., I. 301 *ss*.
PATTERSON, JAMES W. (N. H.): b. 1823, d. 1893; prof. Dartmouth 1859-65; M. C. 1863-67; Sen. 1867-73; on XVth Amend., VIII. 157; attempted removal of, by Grant, III. 24, 30.
PATTERSON, ROB., GEN.: b. 1792, d. 1881; served in Mex. and Civil wars; military movements of, in Va., VI. 59.
PATTON, JOHN M. (Va.): b. 1796, d. 1858; lawyer; M. C. 1830-39; on petitions against slavery, IV. 111, 118 *ss*, 132.
PAUNCEFOTE, JULIAN, SIR, Brit. min. to U. S.: b. 1828, d. 1902; correspondence of Salisbury with, III. 62 *ss*; on Hawaii, cited, III. 216; negotiates canal treaty, III. 358 *ss*; caricature of, III. 382.
PAYNE, SERENO E. (N. Y.): b. 1843; adm. bar 1866; M. C. 1883-87 and 1889—; on committee to investigate ship subsidies, XI. 187; introduces bill regulating injunctions, XI. 327; on McKinley tariff, XII. 272; on Wilson tariff, XII. 302 *ss*, 312; on Dingley tariff, XII. 348, 349, 362 *ss*; tariff bill by, XII. 367 *ss*; on bill, 367 *ss*, 392 *ss*; on income tax, XII. 418, 419.
PAYNE, HENRY B. (O.): b. 1810, d. 1896; adm. bar 1834; M. C. 1875-77; Sen. 1885-91; election of, investigated, IX. 339.
PEARCE, JAMES A. (Md.): b. 1805, d. 1862; adm. bar 1824; M. C. 1835-39 and 1841-43; Sen. 1843-62; on Fug. Slave bill, VI. 124, 125.
PEARCE, JOHN J. (Pa.); b. 1826; clergyman; M. C. 1855-1857; charged with bribery, IV. 365.
PEARSON, JOSEPH (N. C.): b. 1776, d. 1834; lawyer; M. C. 1809-15; on war with G. B., II. 186, 187.
PEFFER, WILLIAM A. (Kans.): b. 1831, d. 1912; in Civil War 1862-65; adm. bar 1865; Sen. 1891-97; introduces joint resolution for pop. election of Pres., IX. 408; *in re* Fed. control of R. Rs., X. 384.
PENCE, LAFE (Cal.): b. 1857; adm. bar 1878; M. C. 1893-95; *in re* Chicago strike, X. 407; on Wilson tariff, XII. 325, 326; on silver purchase repeal, XIV. 361.
PENDLETON, EDMUND (Va.): b. 1721, d. 1803; adm. bar 1744; gov. colony 1774-76; M. C. 1774-75; pres. Va. Const. Conv. 1787; opposes Patrick Henry's militant resolutions, I. 159; in Va. Conv., I. 366.
PENDLETON, GEO. H. (O.): b. 1825, d. 1889; lawyer; M. C. 1857-65; Sen. 1879-85; min. Germany 1885-89; on reconstruction, VII. 260; introduces civil service reform bill, IX. 331-339; on internal revenue bill, XII. 110, 111; on "greenback" bill, XIII. 193 *ss*.
PENFIELD, MRS. JEAN NELSON: on woman suf., VIII. 358 *ss*.
PENNINGTON, ALEX. M. (N. J.): b. 1810, d. 1867; lawyer; M. C. 1853-57; on com. to investigate Sumner affair, IV. 357, 365, 366.
PENNINGTON, WILLIAM (N. J.): b. 1796, d. 1862; adm. bar 1820; gov. 1837-43; M. C. 1859-61; elected Speaker, V. 209.
PENROSE, BOIES (Pa.): b. 1860; adm. bar 1883; Sen. 1897—; on pure food bill, XI. 470.
PERKINS, BISHOP (N. Y.): M. C. 1853-55; on polygamy, VIII. 427, 431.
PERKINS, JAMES B. (N. Y.): b. 1847, d. 1910; adm. bar 1868; M. C. 1901-10; on Payne tariff, XII. 370.

PERKINS, JOHN (La.): b. 1819; lawyer; M. C. 1853-55; mem. Confederate Cong.; on the Koszta affair, VII. 122; favors forcible annex. of Cuba, III. 77.
PERRY, BENJ. F. (S. C.): b. 1805, d. 1886; lawyer and journalist; served Confederacy; prov. gov. 1865; app. provisional gov. S. C., VII. 276.
PERRY, NEHEMIAH (N. J.): b. 1816, d. 1881; M. C. 1861-65; on reconstruction, VII. 241.
PETERS, JOHN A. (Me.): b. 1822, d. 1904; lawyer; state atty.-gen. 1864-66; M. C. 1867-73; judge sup. ct. Me. 1872-1901; on purchase of Alaska, II. 421.
PETTIGREW, RICHARD F. (S. D.): b. 1848; lawyer; M. C. 1881-83; Sen. 1889-1901; on Dingley tariff, XII. 354 *ss*.
PETTIT, JOHN (Ind.): b. 1807, d. 1877; lawyer; M. C. 1843-49; Sen. 1853-55; judge sup. ct. Ind. 1870; on Dec. of Ind., quoted, IV. 297.
PETTUS, EDMUND W. (Ala.): b. 1821, d. 1907; adm. bar 1842; lieut. Mex. war; brig.-gen. C. S. A.; Sen. 1897-1907; on Panama revolution, III. 431 *ss*; *in re* R. R. rate regulation, X. 486.
PHELPS, CHARLES E. (Md.): b. 1833, d. 1908; lawyer; brig.-gen. Union army 1862-64; M. C. 1865-69; supports Pres. Johnson, VII. 464; opposes gov't R. R., X. 249, 250.
PHELPS, GEN. J. W. (Vt.): b. 1813, d. 1885; U. S. gen. in Civil War; on employment of negro soldiers, VI. 233; regarded as an "outlaw" by Pres. Davis, 234.
PHELPS, SAMUEL S. (Vt.): b. 1793, d. 1855; lawyer; war of 1812; judge sup. ct. Vt. 1831-38; Sen. 1839-51 and 1853-54; on slavery, IV. 150, 151.
PHILLIPS, MRS. ELSIE COLE, on woman suf., VIII. 393.
PHILLIPS, PHILIP (Ala.): b. 1807; lawyer; M. C. 1853-55; on polygamy, VIII. 407, 429.
PHILLIPS, WENDELL (Mass.): b. 1811, d. 1884; adm. bar 1834; became strong abolitionist 1835; on Pres. Lincoln, quoted, VI. 183; on military despotism, quoted, VI. 345, 346; *in re* woman suffrage, VIII. 337.
PICKENS, FRANCIS W. (S. C.): b. 1805, d. 1869; adm. bar 1829; M. C. 1834-43; min. Russia 1858-60; Conf. Gov. S. C.; on censure of J. Q. Adams, IV. 113; sends agent to Wash., D. C., V. 283.
PICKERING, JOHN (N. H.): b. 1737, d. 1805; judge sup. ct. N. H. 1790-95; U. S. dist. judge N. H.; impeachment of, in 1804, IX. 70, 75, 76.
PICKERING, TIMOTHY (Mass.); b. 1745, d. 1827; adm. bar 1768; quartermaster gen. Rev. army; P. M. Gen. 1791-94; Sec. War 1794; Sec. State 1795-1800; Sen. 1803-1811; M. C. 1813-17; letter of Hamilton to, I. 313, 314; on La. Purchase, II. 106, 107; on roads and canals, X. 145.
PIERCE, FRANKLIN (N. H.): b. 1804, d. 1869; lawyer; M. C. 1833-37; Sen. 1837-42; brig.-gen. Mex. war; pres. U. S. 1853-57; on relations with Cuba, II. 73, 74, 77, 83, 84; Giddings on, III. 74 *ss*; Clayton on, III. 345; on Clayton-Bulwer treaty, cited, III. 360, 361; on petitions against slavery, IV. 104, 105; elected President, IV. 258; address by, on slavery, IV. 259, 260; election of, Wade on, IV. 291, 292; approves Nebraska Bill, IV. 311; on affairs in Kan., IV. 320, 322, 323; message by, on slavery and secessionalism, IV. 372 *ss*; charge of conspiracy against, V. 138; election of, Douglas on, V. 228, 230; address by, on preserving the Union, VI. 325, 326; on the Koszta affair, VII. 119; approves tariff act of 1857, XII. 102; on tariff, ref. to, XII. 379; signs Canadian reciprocity bill, XII. 429; caricatures of, IV. 258, 313, 321.
PIKE, FRED'K A. (Me.): b. 1817, d. 1886; lawyer; M. C. 1863-69; on prosecution of the war, quoted, VI. 258; on reciprocity with Canada, XII. 429.
PILES, SAMUEL H. (Wash.): b. 1858; adm. bar 1883; Sen. 1905-1911; on child labor, XI. 294.
PINCHOT, GIFFORD (Ct.): b. 1865; forester; mem. Nat. Forest Comm. 1896; forester and ch. of div. U. S. Dept. Agr. 1898-1910; ref. to, X. 129; on forest conservation, quoted, XII. 385, 386.
PINCKNEY, CHARLES (S. C.): b. 1758, d. 1824; adm. bar 1779; M. C. 1777-78 and 1784-87; gov. 1789-92 and 1796-98; Sen. 1798-1801; min. Spain 1803-05; gov. 1806-08; M. C. 1819-1821; del. to Cons. Conv., I. 3; plan of Const. by, I. 289 *ss*; in Cons. Conv., I. 321 *ss*, 344; on Mo. Comp., IV. 89, 90; votes by, for slavery in Territories, V. 250.
PINCKNEY, CHARLES COTESWORTH (S. C.): b. 1746, d. 1825; lawyer; brig.-gen. Rev. war; del. Const. Conv.; min. plenipotentiary, France, 1796; maj.-gen. 1797; on State representation in Congress, I. 304; in debate on slavery in Cons. Conv., I. 355 *ss*; in S. C. Convention, I. 360; appointed envoy extraordinary to France, II. 69; ordered to leave France, II. 58, 82; appointed general by Washington, II. 85; on State rights, X. 220.
PINCKNEY, HENRY L. (S. C.): b. 1794, d. 1863; lawyer; M. C. 1833-37; on slavery, IV. 103, 104, 108, 113, 114.
PINCKNEY, THOMAS (S. C.): b. 1750, d. 1828; adm. bar 1773; major Rev. war; gov. 1787-89; min. Gt. Brit. 1792-96; min. Spain 1794-95; M. C. 1797-1801; maj.-gen. War of 1812.
PINCKNEY, THOMAS (S. C.): min. to Gt. Brit., letter to Am. Sec. of State by, II. 32; on relations with France, II. 76, 77; appointed envoy extraordinary to Spain, II. 88.
PINKNEY, WILLIAM (Md.): b. 1764, d. 1822; adm. bar 1786; comm. to

Gt. Brit. 1796-1804; special envoy to Gt. Brit. 1806-11, II. 127, 128; atty.-gen. U. S. 1811; fought in War 1812; min. to Russia and special envoy to Naples 1816-18; Sen. 1820-22; on admission of Missouri, IV. 67 *ss*; in Md. House of Delegates, on slavery, quoted, IV. 284; eulogy of, IV. 299; on slavery, quoted, V. 157; portrait, IV. 68.

PITCAIRN, MAJOR: b. 1740, d. 1775; English soldier killed at Bunker Hill, VI. 230.

PITKIN, TIMOTHY (Ct.): b. 1766, d. 1847; adm. bar 1788; M. C. 1805-19; author of "Political Hist. of U. S. to close of Wash. Admin.," I. xix.; on second war with G. B., II. 187 *ss*.

PITT, WILLIAM, 1ST, see CHATHAM, LORD.

PLATT, ORVILLE H. (Ct.): b. 1827, d. 1905; adm. bar 1849; sec. State Conv. 1857; Sen. 1879-1905; on acquisition of territory, III. 254; on Philippines, quoted, III. 276; on powers of government, quoted, III. 287; on Philippine question, III. 312 *ss*; *in re* R. R. regulation, X. 357; *in re* Chicago strike, X. 407; on ship subsidies, XI. 190.

PLUMB, PRESTON B. (Kan.): b. 1837, d. 1891; adm. bar 1861; lieut.-col. in Union army; Sen. 1877-91; on Indian policy, VIII. 310; on pensions, IX. 276; *in re* R. R. land grants, X. 270, 271; ref. to, XII. 305; on legal tender of silver, XIV. 69; on silver purchase, XIV. 254, 255 *ss*, 269, 275, 283.

POINDEXTER, GEORGE (Miss.): b. 1779, d. 1853; lawyer; M. C. 1807-1813; War of 1812; M. C. 1817-19; gov. 1819-21; Sen. 1830-35; on censure of Gen. Jackson, VIII. 260.

POINSETT, JOEL ROBERTS (S. C.): b. 1779, d. 1851; M. C. 1821-25; min. Mex. 1825-29; Sec. War 1837-41; instructions to, III. 332, 333.

POLK, JAMES K. (Tenn.): b. 1795, d. 1849; adm. bar 1820; M. C. 1825-39; Speaker 1835-39; gov. 1839-41; Pres. 1845-49; on Oregon boundary, II. 307, 332; Hannegan on, II. 318, 319; quoted on Ore. boundary dispute, II. 330; elected Pres., II. 335, 336; on annex. of Texas, II. 344; on relations with Mexico, II. 345; arraignment of, by Giddings, II. 353 *ss*, by Delano, II. 359, 360, by Lincoln, II. 373 *ss*; negotiates treaty with New Granada, III. 326; Clayton on, III. 328 *ss*, 332 *ss*; Douglas on, III. 335; on petition against slavery, IV. 110; J. Q. Adams on, IV. 121, 122; messages by, on slavery, IV. 165 *ss*; signs appropriation bill, IV. 180; Sen. Wade on, V. 361; caricatures of, II. 335; XII. 79.

POLAND, LUKE P. (Vt.): b. 1815, d. 1887; adm. bar 1836; judge sup. ct. Vt. 1848-65; Sen. 1865-67; M. C. 1867-1875 and 1883-85; introduces bill against polygamy, VIII. 455.

POLLARD, EDWARD A. (Va.): b. 1831, d. 1872; ed. Richmond *Examiner* 1861-67; wrote history of, and many books on Civil War; estimate by, of military resources of South, V. 284.

POMEROY, SAMUEL C. (Kan.): b. 1816, d. 1891; Sen. 1861-73; bill by, for abol. slavery in seceding States, quoted, VI. 95, 96; on slavery in D. C., quoted, VI. 156; on freedom of ballot, VI. 360; on Freedmen's Act bill, VII. 173; on reconstruction, VII. 245; on equal male suffrage, VIII. 9 *ss*, 26, 96, 106; advocates woman suf., VIII. 106 *ss*.

POOL, JOHN (N. C.): b. 1826, d. 1884; adm. bar 1847; Sen. 1868-73; on Ku-Klux outrages, VIII. 187 *ss*.

POOR, ADMIRAL (Mass.): b. 1808, d. 1882; rear-admiral U. S. Navy; in Civil War; conduct of, III. 22, 29.

POPE, JOHN (Ky.): b. 1770, d. 1845; lawyer; Sen. 1807-13; gov. Ark. 1829-35; M. C. 1837-43; on constitutionality of National Bank, XIII. 50.

PORTER, DAVID D.: b. 1813, d. 1891; Am. admiral; caricature of, IX. 241.

PORTER, PETER B. (N. Y.): b. 1773, d. 1844; adm. bar 1793; M. C. 1809-13; maj.-gen. War 1812; M. C. 1815-16; Sec. State N. Y. 1815-16; Sec. War 1828-29; report on relations with G. B., II. 149 *ss*.

PORTLAND, WILLIAM CAVENDISH BENTINCK, DUKE OF (Eng.): b. 1738, d. 1809; appointed Prime Minister, I. 237.

POTTER, CLARKSON N. (N. Y.): b. 1825, d. 1882; adm. bar 1847; M. C. 1869-75 and 1877-79; resolution for investigation of Hayes title to Presidency, IX. 132.

POWDERLY, TERENCE V., head of Knights of Labor, ref. to, XIV. 379.

POWELL, LAZARUS W. (Ky.): b. 1812, d. 1867; adm. bar 1835; gov. 1851-55; Sen. 1859-65; on reconciliation of North and South, V. 323, 324 *ss*; on fugitive slaves, V. 343; app. chm. Concil. Com., V. 374; on compensated emancipation bill, VI. 183; on military interference with elections, VI. 336 *ss*, 360; vote by, on XIIIth Amend., VI. 413; on nat. banks, XIII. 213 *ss*, 216.

POWERS, H. HENRY (Vt.): b. 1835; adm. bar 1858; judge sup. ct. Vt. 1874-90; M. C. 1891-1901; *in re* R. R. funding bill, X. 286, 290-301.

PRATT: U. S. consul-gen., in consultation with Aguinaldo, III. 246.

PRESTON, CAPT. (Brit.): in "Boston Massacre," I. 78.

PRESTON, WM. B. (Va.): b. 1805, d. 1862; lawyer; M. C. 1847-49; Sec. Navy 1849-50; mem. Conf. Cong.; on delegation to confer with Lincoln, VI. 55.

PRESTON, WILLIAM C. (S. C.): b. 1794, d. 1860; adm. bar 1820; Sen. 1833-42; on admission of Tex., II. 334.

PRICE, HIRAM (Ia.): b. 1814, d. 1901; M. C. 1863-69 and 1877-81; U. S. Comm. Indian Affairs 1881-85; on purchase of Alaska, II. 422; on payment of interest in gold, XIII. 313, 314.

PRICE, STERLING, GEN. (Mo.): b. 1809, d. 1867; gov. of Mo. 1853-57; gen. C. S. A.; defeated at Booneville, VI. 58.

PRICE, WILLIAM T. (Wis.): b. 1824, d. 1886; M. C. 1883-86; on liquor tax, XI. 394.

PRICHARD, JAMES C. (Brit.): b. 1786, d. 1848; Eng. ethnologist; quoted on negro, VIII. 13.

PRINCE, GEO. W. (Ill.): b. 1854; adm. bar 1880; M. C. 1895; on reciprocity with Canada, XII. 437.

PROCTOR, REDFIELD (Vt.): b. 1831, d. 1908; lawyer; maj. Union army; lieut.-gov. 1876-78; gov. 1878-80; Sec. War 1889; Sen. 1891-1908; introduces a resolution limiting presidential term to six years, IX. 407; on child labor, XI. 294.

PROUDHON, PIERRE JOSEPH, anarchist philos.; ref. to, XI. 350.

PRUYN, JOHN V. L. (N. Y.): b. 1811, d. 1877; adm. bar 1832; M. C. 1863-65 and 1867-69; on impeachment of Pres. Johnson, IX. 64.

PRYOR, ROGER A. (Va.): b. 1828; adm. bar 1849; min. Greece 1854; M. C. 1859-61; in C. S. A.; judge sup. ct. N. Y. 1894-99; letter of W. L. Yancey to, quoted, V. 232, 233.

PUFFENDORF, SAMUEL VON, BARON (Ger.): b. 1632, d. 1694; state councilor Sweden; authority on international law, quoted extensively, *e. g.*, II. 253, 260.

PUGH, GEO. E. (O.): b. 1822, d. 1876; adm. bar 1843; capt. Mex. war; state atty.-gen. 1852-54; Sen. 1855-61; votes with Republicans, V. 240; on Dem. platform (1860), V. 242, 243; on preservation of Union, V. 336 *ss*, 374 *ss*; vote on Crittenden resolutions, V. 434; as counsel for Vallandigham, VI. 319; on tariff of 1857, XII. 95.

PUGH, JAS. L. (Ala.): b. 1820, d. 1907; adm. bar 1841; M. C. 1859-61; in Conf. army and Cong.; Sen. 1880-97; on "original package" bill, XI. 407.

PUGHE, J. S.: cartoon by, XII. 287.

PUJO, ARSÈNE P. (La.): b. 1861; adm. bar 1886; M. C. 1903—; on inheritance tax, XII. 390, 391.

PULLMAN, GEO. M. (Ill.): b. 1831, d. 1897; manufacturer; inventor of the Pullman car; in Chicago R. R. strike, X. 386.

Q

QUINCY, JOSIAH, 2ND (Mass.): b. 1744, d. 1775; lawyer; on the "Townshend Acts," I. 69 *ss*; defends soldiers of "Boston Massacre," I. 78; address by, at Boston Tea Party, I. 80, 81; sent to Eng. to confer with Eng. Whigs, I. 97; interview with Lords North and Dartmouth, I. 99, 100.

QUINCY, JOSIAH, 3RD (Mass.): b. 1772, d. 1864; adm. bar 1793; M. C. 1805-13; proposed Const. Amend. to abolish slave repres. in Cong.; oppos. La. Purchase; opposed embargo, II. 180, 181; opposed war with G. B., II. 189 *ss*; favored navy, IX. 222 *ss*; caricature of, II. 180.

QUITMAN, JOHN A. (Miss.): b. 1799, d. 1858; lawyer; acting gov. 1835-36; gen. in Mex. war; gov. 1850-51; M. C. 1855-58; filibustering expedition of, III. 83; favors secession, IV. 237.

R

RAKER, JOHN E. (Cal.): b. 1863; adm. bar 1885; judge sup. ct. Cal. 1905-1910; M. C. 1911; introduces joint resolution providing for woman suf., VIII. 354, 358; on single tax, X. 105, 106.

RAMSAY, DAVID (S. C.): b. 1749, d. 1815; del. to Cont. Cong. 1782-1784, 1785-1786; temporary pres. 1786; on "Our Independent Constitutions," I. 255 *ss*.

RANDALL, ALEX. W. (Wis.): b. 1819, d. 1872; judge dist. ct. Wis. 1856; gov. of Wis. 1857-1860; minister to Italy 1861-1865; Postmaster-Gen. 1866-1869; in "swing around the circle," VII. 460.

RANDALL, SAMUEL J. (Pa.): b. 1828, d. 1890; M. C. 1863-1890; on XIVth Amend., VII. 436; *in re* Pres. Johnson's impeachment, IX. 59; on riders to approp. bill, IX. 144; on inter. rev., XII. 121; on tariff com., XII. 215 *ss*; tariff bill by, XII. 246, 247; on nat. banks, XIII. 236; opposes bill to prevent reduction of currency, XIII. 340.

RANDELL, CHOICE B. (Tex.): b. 1857; adm. bar 1878; M. C. 1901—; on Payne tariff, XII. 370 *ss*.

RANDOLPH, EDMUND J. (Va.): b. 1753, d. 1813; del. Cont. Cong. 1779-1783, I. 3; mem. conv. Const. of U. S. 1788; att.-gen. of U. S. 1789; Sec. State 1794-1795, II. 34; on com. to draft petition to British people, I. 165; plan of Const. by, I. 285 *ss*; letter of Madison to, I. 287 *ss*; on State representation in Cong., I. 304, 305; in Cons. Conv., I. 314, 345, 346, 361; in Va. Conv., I. 368, 369; on French Alliance, II. 8; opposes Nat. Bank, XIII. 34.

RANDOLPH, GEO. W. (Va.): b. 1818, d. 1867; midshipman 1831; adm. bar 1839; brig.-gen. Confed. 1861; Sec. of War Confed. 1862; Confed. agent to France 1863; on delegation to confer with Lincoln, VI. 55.

RANDOLPH, JOHN (Va.): b. 1773, d. 1833; adm. bar 1789; M. C. 1799-1813, 1815-1817, 1819-1825; Sen. 1825-1827; M. C. 1827-1829; minister to Russia 1830; on relations

with G. B., II. 115 *ss*; on embargo, II. 132, 140, 141; on war with G. B., II. 153 *ss*, 176 *ss*, 179, 180, 205 *ss*; on Clay-Adams coalition, II. 245 *ss*; in duel with Clay, II. 248; on Greek indep., II. 249, 259 *ss*; on slave trade in D. C., cited, IV. 186; on slavery, cited, IV. 214, 284, 329; opposes standing army, IX. 196, 197, 200; on tenure of offices of judges, IX. 522; on tariff of 1816, XII. 31; on tariff of 1828, XII. 58; on effect of nat. bank on currency, XIII. 58 *ss*; portrait, IX. 200.

RANDOLPH, PEYTON (Va.): b. 1721, d. 1775; King's attorney for Va. 1756-1762; Speaker Ho. of Burgesses 1766; Pres. of Cont. Congress, 1774-1775; opposes Patrick Henry's Stamp Act reso., I. 25.

RAY, GEORGE W. (N. Y.): b. 1844; adm. bar 1867; M. C. 1883-1885, 1891-1903; U. S. dist. judge, 1902—; on Littlefield anti-trust bill, XI. 78; on liquor tax, XI. 389.

RAYMOND, HENRY J. (N. Y.): b. 1820, d. 1869; est. New York *Times* 1851; lieu.-gov. N. Y. 1856; M. C. 1865-1867; on reconstruction, VII. 315; Blaine comments on, VII. 363; on civil rights, VII. 407; on XIVth Amend., VII. 432; address at "Harmony" convention, VII. 450; on military reconstruction, VIII. 48, 50.

RAYNER, ISIDOR (Md.): b. 1850, d. 1913; adm. bar 1871; M. C. 1887-1889, 1891-1895; attorney-gen. Md. 1899-1903; Sen. 1905-1913; favors pop. election of senators, IX. 457, 476; on Mills tariff bill, XII. 236; on silver purchase repeal, XIV. 290 *ss*.

READ, GEORGE (Del.): b. 1733, d. 1798; attorney-gen. of Lower Del. 1763-1775; del. Cont. Cong. 1775; sig. Dec. of Ind. 1776; pres. Const. Conv. Del.; del. U. S. Const. Conv., I. 325, 334; Sen. 1789-1793; chief just. sup. ct. Del. 1793-1798; Lincoln on, X. 249.

READY, CHARLES (Tenn.): b. 1802, d. 1878; M. C. 1853-1859; on polygamy, VIII. 420.

REAGAN, JOHN H. (Tex.): b. 1818, d. 1905; judge dist. ct. 1852-1857; M. C. 1857-1861; dep. provis. Cong. of Confed.; Postmaster-Gen. Confed. 1861-1865; M. C. 1875-1887; Sen. 1887-1891; on isthmian canal, III. 353, 354; *in re* R. R. regulation, X. 322, 346-354, 357; extolled, X. 457; offers amendment to Sherman anti-trust law, XI. 67; on "original package" bill, XI. 417; on silver purchase, XIV. 206 *ss*, 246; quoted, XIV. 338; portrait, X. 322.

REALF, RICHARD: b. 1834, d. 1878; defeated Fredk. Douglass in debate 1857; poet and editor; chosen "Sec. of State" in company of John Brown, V. 189.

REED, JAMES A. (Mo.): b. 1861; adm. bar 1885; mayor Kan. City 1900-04; Sen. 1911—; on use of Panama Canal by trusts, III. 465.

REED, JOSEPH (Pa.): b. 1741, d. 1785; mem. comm. correspondence in Phila. 1774; aide to Geo. Washington 1774-1776; adjutant-gen. 1776; Del. to Cont. Cong. 1777-1778; sig. Art. of Confed.; Pres. of Pa. 1778-1781; letter of Josiah Quincy 2nd to, I. 100.

REED, THOMAS B. (Me.): b. 1839, d. 1902; adm. bar 1865; att.-gen. Me. 1870-1872; M. C. 1877-1899; Speaker 1889-91, 1895-99; quoted on acquisition of territory, III. 271; on powers of com. on appropriations, IX. 142; on troops at polls, IX. 143; favors increase of navy, IX. 253; considered as a "czar," IX. 342-399; on reduction of surplus, XII. 228; on Mills tariff bill, XII. 252 *ss*; ref. to, XII. 319, 320; on Wilson tariff, XII. 313 *ss*, 323 *ss*; on silver purchase repeal, XIV. 366 *ss*; portrait, IX. 342; caricature, III. 133.

REEDER, ANDREW H. (Pa.): b. 1807, d. 1864; appointed gov. of Kansas Territory, IV. 318; removed; "elected" delegate, IV. 319; election of, declared illegal, IV. 324, 325.

REID, ROBERT R. (Ga.): b. 1789, d. 1841; adm. bar 1810; just. sup. ct. Ga. 1816-1818, 1823-1825; M. C. 1819-1823; U. S. dist. judge Fla. 1832-1839; gov. of Fla. Terr. 1839-1841; on slavery, IV. 80, 81.

REID, JOHN W. (Mo.): b. 1821; adm. bar 1844; M. C. 1861; votes against Crittenden res., VI. 102; enters C. S. A.; expelled Cong.

REID, WHITELAW (O.): b. 1837, d. 1913; ed. Xenia (O.) *News* 1858-1859; ed. New York *Tribune* 1868-1905; Rep. cand. V.-Pres. 1892; U. S. min. to France 1889-1892; U. S. ambass. to Eng. 1895-1913; caricature of, IX. 115.

REINHART, C. S.: cartoons by, IX. 153, XIII. 377.

REVELS, HIRAM R. (Miss.): b. 1822, d. 1901; preacher; Sen. 1870-1871; first negro Sen., VIII. 163.

RHETT, R. BARNWELL (S. C.): b. 1800, d. 1876; adm. bar 1824; attorney-gen. S. C. 1832; M. C. 1837-1849; Sen. 1850-1852; mem. Confed. Cong. 1862; res. by, for secession, IV. 131, 132; Clay on, IV. 225, 252, 253; on Fug. Slave law, IV. 230, 245 *ss*.

RICARDO, DAVID (Eng.): b. 1772, d. 1823; banker and economist; his law of rent, XI. 211; ref. to, XIV. 308.

RICE, HENRY M. (Minn.): b. 1816, d. 1894; M. C. 1853-1857; Sen. 1858-1863; vote by, on Crittenden res., V. 434.

RICE, WILLIAM W. (Mass.): b. 1826, d. 1896; adm. bar 1854; M. C. 1877-1887; proposes amend. to Henley Chinese exclusion bill, XI. 263.

RICHARDS, F. T.: cartoon by, XIV. 331.

RICHARDSON, JAMES D. (Tenn.): b. 1843; adm. bar 1867; M. C. 1885-1905; on trust control, XI. 73.

RICHARDSON, WILLIAM A. (Ill.): b. 1811, d. 1875; M. C. 1847-1856; gov. of Neb. Terr. 1857-1858; M. C. 1861-1863; Sen. 1863-1865; introduces bills for organization of Neb. Ter., IV. 260, 309; offers amend. to Neb. bill, IV. 310; on compensated eman., VI. 167; attack on anti-secession message of Pres. Lincoln, VI. 224 *ss*.

RIDDLE, GEO. R. (Del.): b. 1817, d. 1867; adm. bar 1848; M. C. 1851-1855; Sen. 1864-1867; vote by, on XIIIth Amend., VI. 413.

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RIPON, LORD, Pres. Queen's Counsel, on Joint High Comm'n, II. 444.

RIVERA, PRIMO DE, as gov.-gen. of Philippines, III. 245, 246.

RIVES, JOHN COOK (D. C.): b. 1796, d. 1864; founds *Congressional Globe*, I. xxi.

RIVES, WM. C. (Va.): b. 1793, d. 1868; lawyer; M. C. 1823-29; min. France 1829-32; Sen. 1832-34, 1836-45; min. France 1849-53; in Confed. Cong.; in favor specie payments, XIII. 114; on Sub-Treasury bill, XIII. 137 *ss*; on Tyler's veto of national bank, XIII. 168, 171.

RIZAL, DR. JOSÉ, Philippine patriot, expulsion of, III. 245, 246.

ROACH, JOHN: b. Ireland 1815, d. 1887; ship-builder; ref. to, XI. 195.

ROBBINS, WILLIAM M. (N. C.): M. C. 1873-1879; ref. to, VIII. 210.

ROBERTS, JONATHAN (Pa.): b. 1771, d. 1854; M. C. 1811-1814; Sen. 1814-1821; on admission of Mo., IV. 62, 63; opinion by, IV. 73; opposes navy, IX. 218 *ss*.

ROBERTSON, THOMAS B. (La.): b. 1773, d. 1828; att.-gen. La. Terr. 1805-1807; Sec. of Terr. 1807-1811; U. S. dist. judge for La. 1811-1812; M. C. 1812-1818; gov. of La. 1820-1824; U. S. dist. judge 1824-1827; on recognition of S. A. republics, II. 221, 222.

ROBESON, GEORGE M. (N. J.): b. 1827, d. 1897; adm. bar 1850; att.-gen. N. Y. 1867-1869; Sec. Navy 1869-1877; M. C. 1879-1883; on troops at polls, IX. 138, 160-162; on taxation of banks, XII. 120, 121.

ROBINSON, CHARLES (Kan.): b. 1818, d. 1894; gov. of Kan. 1861-1863, IV. 320; reports affairs in Kan., IV. 320, 322; residence of, destroyed, IV. 324.

ROBINSON, GEO. DEXTER (Mass.): b. 1834, d. 1896; adm. bar 1860; M. C. 1877-1884; gov. of Mass. 1884-1887; on tariff commission, XII. 184.

ROBINSON, JAMES C. (Ill.): b. 1822, d. 1912; M. C. 1859-1865, 1871-1875; on conscription, VI. 289.

ROCKEFELLER, JOHN D. (N. Y.): b. 1839; founder Standard Oil Co.; *in re* R. R. rate discrimination, X. 470.

ROCKINGHAM, MARQUIS OF (Eng.): seconds resolutions declaring supremacy of Parl., I. 50; on removing troops from Boston, I. 103; appointed First Lord of Treasury, I. 227.

ROCKWELL, JULIUS (Mass.): b. 1805, d. 1888; adm. bar 1830; M. C. 1843-1851; del. Mass. Const. Conv. 1853; Sen. 1853-1855; judge sup. ct. Mass. 1859-1886; on admission of Tex., II. 350.

ROGERS, ANDREW J. (N. J.): b. 1828; adm. bar 1852; M. C. 1863-1867; mem. comm. on reconstruction, VII. 307; on civil rights, VII. 406; on XIVth Amend., VII. 440; submits minority report on impeachment Pres. Johnson, IX. 57.

ROGERS, JOHN H. (Ark.): b. 1845, d. 1911; adm. bar 1868; judge circuit ct. 1877-1882; M. C. 1883-1891; U. S. dist. judge 1896-1911; on ship subsidies, XI. 183.

ROGERS, W. A.: cartoons by, III. 437.

ROMAN, ANDRÉ B. (La.): b. 1795, d. 1866; sugar planter; gov.; opposed secession at first, then supported Confed.; on Confed. Peace Commission, VI. 51 *ss*.

ROOSEVELT, THEODORE (N. Y.): b. 1858; gov. 1899-1900; Vice-Pres. U. S. 1901; Pres. United States 1901-1909; introd. by, III. 1 *ss*; on Monroe Doctrine, quoted, III. 391; on Panama rev., III. 416 *ss*, 434 *ss*; Sen. Hoar on, III. 422 *ss*; Sen. Foraker on, III. 427, 430; Sen. Pettus on, III. 434; on woman suf., VIII. 378; on criticism of judges, IX. 530; on the recall of judicial decisions, IX. 530, 542, 557; cand. for mayor, N. Y., X. 69; on conservation of natural resources, X. 110-113; efforts of, for conservation, X. 130; on railroads, X. 411-415; *in re* R. R. rate regulation, X. 460-461; message on child labor, XI. 288 *ss*; on contempt of court, XI. 338; message on injunctions, XI. 344; Champ Clark on, XII. 382; Morris Sheppard on, XII. 388; ref. to, XII. 437; portrait, III. frontispiece; caricatures of, III. 431, 437, 440; X. 111; XI. 363; XII. 381.

ROOT, ELIHU (N. Y.): b. 1845; adm. bar 1867; Sec. of War 1899-1904; Sec. of State 1905-1909; Sen. 1909—; motion by, on Panama Canal tolls, III. 465; on pop. elec. of Senators, IX. 478; opposes recall of judges, IX. 544; on Arizona const., IX. 544; ref. to, XII. 387; on corporation tax, ref. to, XII. 399.

ROOT, ERASTUS (N. Y.): b. 1772, d. 1846; adm. bar 1796; speaker N. Y. Ass. 1798-1802; M. C. 1803-1805, 1809-1811, 1815-1817; lieu.-gov. N. Y. 1822-1823; M. C. 1831-1833; on roads and canals, X. 146, 147.

ROOT, JOSEPH M. (O.): b. 1817, d. 1879; adm. bar 1829; M. C. 1845-1851; on Wilmot Proviso, IV. 182.

ROSE, SIR JOHN (Eng.): on mission to U. S., II. 443.

ROSS, EDMUND G. (Kan.): b. 1826, d. 1907; ed. Kansas *Tribune*; mem. Kan. Const. Conv. 1859; Sen. 1866-1871; gov. of New Mexico 1885-1889; on XVth Amend., VIII. 137; casts deciding vote against Pres. Johnson's impeachment, IX. 98.

ROSS, JAMES (Pa.): b. 1762, d. 1847; adm. bar 1784; del. Const. Conv. 1789-1790; Sen. 1794-1803; on conquest of La., II. 90 *ss*.

ROSS, JOHN (Pa.): b. 1770, d. 1834; adm. bar 1792; M. C. 1809-1811, 1815-1818; judge dist. ct. 1818-1830; judge Pa. Sup. Ct. 1830-1834; on tariff of 1816, XII. 25.

RUCKER, ATTERSEN W. (Col.): b. 1847; lawyer; in C. S. A.; M. C. 1909—; introduces res. for woman suf., VIII. 354.

RUCKER, WM. W. (Mo.): b. 1855; adm. bar 1876; judge circuit ct. 1892-1899; M. C. 1899—; on Payne tariff, XII. 371.

RUFFIN, EDMUND (Va.): b. 1794, d. 1865; est. *Farmer's Register* 1832; fired first shot at Fort Sumter 1861; W. L. Yancey on, V. 232; on secession, V. 275, 276.

RUGER, THOMAS H., GEN. (N. Y.): b. 1833, d. 1907; grad. West Point 1854; brig.-gen. Union A. 1862; mil. gov. of Ga. 1868; acts of, condemned IX. 109; comm. dept. of Mo. 1886; comm. dept. of Dakota 1888.

RUSH, BENJAMIN (Pa.): b. 1745, d. 1813; Prof. Med. Phila. Coll. 1768-1790; del. Cont. Cong. 1776-1777; sig. Dec. of Ind. 1776; in debate on Confederation, I. 245.

RUSH, RICHARD (Pa.): b. 1780, d. 1859; adm. bar 1800; Att.-Gen. of Pa. 1811; Comptroller of Treasury 1811-1814; Attorney-Gen. of U. S. 1814-1817; U. S. min. G. B., 1817-1825; Sec. of Treas. 1826-1830; min. France 1847-1857; letter of J. Q. Adams to, II. 232; letter of Geo. Canning to, II. 233; quoted on Oregon boundary, II. 326.

RUSK, THOMAS J. (Tex.): b. 1802, d. 1857; lawyer; sec. war and ch. justice Repub. of Tex.; Sen. 1846-57; pres. *pro tem.* 1857; *in re* Pacific R. R., X. 160, 162, 163, 169, 198-199.

RUSSELL, GORDON (Tex.): judge Dist. Ct. Ala. 1892-1896; M. C. 1902-1910; supports R. R. rate regulation, X. 455-456.

RUSSELL, HENRY B., economist, on international bimetallism, XIV. xii.

RUSSELL, EARL, JOHN (Brit.): b. 1792, d. 1878; Sec. For. Aff.; Prime Minister; correspondence of, with Chas. F. Adams 1st, III. 153; on arbitration of *Alabama* claims, II. 426, 433; on international law, cited, II. 429, 430.

RUSSELL, JONATHAN (R. I.): b. 1771, d. 1832; min. Norway and Sweden 1814-1818; M. C. 1821-1823; on peace commission, II. 217.

RUST, ALBERT (Ark.): d. 1870; lawyer; M. C. 1855-57, 1859-61; in C. S. A.; plan of conciliation offered by, V. 438, 439.

RUTLEDGE, EDWARD (S. C.): b. 1749, d. 1800; adm. bar 1773; Cont. Cong. 1774, 1779; Const. Conv. 1790; gov. S. C. 1798-1800; advocates Galloway's plan of colonial union, I. 91, 92; in debate on Dec. of Ind., I. 187 *ss*, 192; motion to dismiss negroes from army, VI. 230.

RUTLEDGE, JOHN, SR. (S. C.): b. 1739, d. 1800; adm. bar 1761; att.-gen. S. C. 1764; del. Prov. Cong. 1765; del. Cont. Cong. 1774-1777; Pres. of S. C. 1776-1778; gov. of S. C. 1779-1782; del. to Cont. Cong. 1782-1783; ass. just. U. S. Sup. Ct. 1789-1791; chief just. S. C. 1790-1795; chief justice Supreme Ct. U. S. 1795; on Stamp Act Cong. com. to draft petition to Lords, I. 27; in Cons. Conv., I. 356, 358, 361.

RUTLEDGE, JOHN, JR. (S. C.): b. 1766, d. 1819; M. C. 1797-1803; on relations with France, II. 73; on petition against slavery, IV. 33, 34; on alien laws, VII. 21.

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SACKVILLE-WEST, LIONEL, LORD: b. 1827, d. 1908; Brit. min. to U. S., dismissed by Pres. Cleveland for interference in Pres. election; Champ Clark on, III. 207.

SAGASTA, PRAXEDES MATEO: b. 1827, d. 1903; Spanish premier; political reforms proposed by, III. 124.

SAGE, RUSSELL (N. Y.): b. 1816, d. 1906; capitalist; M. C. 1853-1857; ref. to, XIV. 357.

SAGET, NISSAGE, Pres. of Hayti: Sen. Morton on, III. 29, 30.

SALEM, PETER: negro, at Bunker Hill, VI. 230.

SALISBURY, LORD, ROBT. ARTHUR CECIL, Brit. Prime Min.: b. 1830, d. 1903; correspondence on Venezuela boundary, III. 47, 62 *ss*.

SAMPSON, WILLIAM T.: b. 1840, d. 1902; grad. Annapolis 1861; supt. U. S. Naval Academy 1886-1890; admiral; victory of, at Santiago, III. 190.

SANDWICH, LORD (Eng.): attacks Franklin, I. 106; John Randolph on, II. 245.

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SANTA ANNA, ANTONIO LOPEZ DE: b. 1795, d. 1876; Mex. gen.; Pres.; dictator; acknowledges indep. of Tex., II. 334, 362, 363.

SARGENT, AARON A. (Cal.): b. 1827, d. 1887; adm. bar 1854; M. C. 1861-63, 1869-73; Sen. 1873-79; min. Ger. 1882-84; on Chinese exclusion, XI. 232, 248; intro. bill increasing legal tender coins, XIV. 6; on legal tender trade dollar, XIV. 7.

SAULSBURY, ELI (Del.): b. 1817, d. 1893; adm. bar 1857; Sen. 1871-1889; on intern. monetary conf., XIV. 136; on specie payments and increased currency, XIII. 387.

SAULSBURY, WILLARD (Del.): b. 1820, d. 1892; adm. bar 1847; att.-gen. of Del. 1850-1855; Sen. 1859-1871; chancellor Del. 1874; on secession, V. 320, 321, 368; on martial law, cited, VI. 109; amend. by, to Fug. Slave bill, VI. 124; on abolition in D. C., VI. 152; on compensated emanci., VI. 182; Sen. Howe on, VI. 390; on XIIIth Amend., VI. 385 *ss*, 399, 413; on reconstruction, VIII. 304; on civil rights, VII. 309, 369; on equal male suf., VIII. 32; on military reconstruction, VIII. 57, 68; on XVth Amend., VIII. 140, 144; on woman suf., VIII. 315.

SAVAGE, JOHN (N. Y.): b. 1779, d. 1863; adm. bar 1800; M. C. 1815-1819; N. Y. state comptroller 1821-1823; chief just. N. Y. Sup. Ct. 1823-1827; ref. to, VIII. 458.

SAWYER, FREDERICK A. (S. C.): b. 1822, d. 1891; Sen. 1868-1873; Ass. Sec. of Treas. 1873-1876; on XVth Amend., VIII. 148-151.

SAWYER, LEMUEL (M. C.): b. 1777, d. 1852; adm. bar 1804; M. C. 1807-1813, 1817-1823, 1825-1829; on censure of Gen. Jackson, VIII. 255.

SAXTON, RUFUS, GEN. (Mass.): b. 1824, d. 1908; grad. West Point 1849; brig.-gen. Union A. 1862-1865; asst. quartermaster gen. 1882-1888; orders of Sec. Stanton to, VI. 233; letter of, on negro soldiers, quoted, VI. 244, 245.

SCHENCK, ROBERT C. (O.): b. 1809, d. 1890; adm. bar 1832; M. C. 1843-1851; U. S. min. to Brazil 1851-1854; maj.-gen. Union A. 1862-1863; M. C. 1863-1871; U. S. min. to G. B. 1870-1876; on purchase of Alaska, II. 421; mem. Joint High Commission, II. 444; order of, for protection of polls, discussed, VI. 344, 358, 359; on Freedmen's Aid bill, VII. 171; on reconstruction, VII. 324; on XIVth Amend., VII. 424; on military reconstruction, VIII. 60; tariff bill by, XII. 123 *ss*; on bill, XII. 134, 137 *ss*; introduces bill to prevent further reduction of currency, XIII. 340.

SCHOFIELD, JOHN M., GEN.: b. 1831, d. 1906; grad. West Point 1853; brig.-gen. Union A. 1861; major-general 1865; Sec. of War 1868-1869; command div. of Pacific 1870-1876; command U. S. army 1888-1896; on Hawaii, cited, III. 173, 174, 194, 195, 226.

SCHURMAN, JACOB GOULD: b. 1854; pres. Cornell Univ. 1892—; mem. commn. to Philippines, III. 322, 323.

SCHURZ, CARL (Mo.): b. 1829, d. 1906; adm. bar 1858; min. to Spain 1861; brig.-gen. Union army 1862-1865; Sen. 1869-1875; Sec. of Int. 1877-1881; ed. New York *Evening Post* 1881-1884; attempted removal of, by Grant, III. 24; on civil service, IX. 306, 328; on specie payments, XIII. 401, 403, 405, 406, 407; caricatures of, IX. 115, 133, 329.

SCLOPIS, FREDERICK, COUNT (Italy): mem. Geneva Comm'n, II. 444.

SCOTT, CHARLES F. (Kan.): b. 1860; ed. Iola (Kan.) *Register* 1882-1912; M. C. 1901-1911; on rep. gov. versus direct leg., IX. 489-498; on Payne tariff, XII. 382, 383.

SCOTT, JOHN (Pa.): b. 1824, d. 1896; adm. bar 1846; Sen. 1869-75; R. R. atty.; on Ku-Klux outrages, VIII. 185 *ss*.

SCOTT, NATHAN B. (W. Va.): b. 1842; Comm. Int. Rev. 1898-1899; Sen. 1899-1911; on child labor, XI. 290.

SCOTT, THOMAS (Pa.): M. C. 1789-1791, 1793-1795; on petition against slave trade, IV. 13; on land tax, XII. 18.

SCOTT, WILLIAM, SIR [LORD STOWELL] (Eng.): authority on maritime law, cited, II. 379, 389 *ss*.

SCOTT, WINFIELD, GEN. (Va.): b. 1786, d. 1866; adm. bar 1806; brig.-gen. 1814; command. U. S. Army 1841-1862; Whig cand. Pres. 1852; Lincoln on, II. 376; on reinforcing Fed. forts, V. 279; incurs wrath of Pres. Buchanan, V. 280; tribute to, by Seward, V. 429; Lincoln's orders to, on suspen. *habeas corpus*, VI. 61, 62; caricatures of, II. 321, 377; IV. 258.

SEAMAN, LOUIS L., MAJOR: b. 1851; surgeon; in Span.-Amer. war; author of works on army medicine, etc.; quoted, on army canteen, XI. 432.

SEATON, WM. W., Cong. reporter, see GALES, JOSEPH.

SEDDON, JAMES A. (Va.): b. 1815, d. 1880; M. C. 1845-47, 1849-51; presents minority report of "Peace Conference," V. 435, 436; Conf. sec. war.

SEDGWICK, THEODORE (Mass.): b. 1746, d. 1813; lawyer; in Rev.; M. C. 1785-86; 1789-96; Sen. 1796-1799; M. C. 1799-1801; Speaker; judge sup. ct. Mass.; res. on treaty with G. B., II. 50; on naturalization, VII. 11, 13; on postal affairs, X. 133; on alcohol tax, XII. 11, 12; on method of taxation, XII. 13 *ss*; on land tax, XII. 18 *ss*; on Shays' Rebellion, XIII. 18; on redemption of public debt, XIII. 28.

SEMMES, RAPHAEL (Ala.): b. 1809, d. 1877; adm. bar 1834; in navy in Mex. war; in Conf. Navy; commands *Alabama*, II. 426; rescued from sinking ship, II. 434.

SERGEANT, JOHN (Pa.): b. 1779, d. 1852; adm. bar 1799; M. C. 1815-1823, 1827-1829, 1837-1841; on Mo. Comp., IV. 85; nom. Vice-Pres. by Nat. Rep. party, XIII. 80.

SEWALL, SAMUEL (Mass.): b. 1757, d. 1814; adm. bar 1780; M. C. 1797-1800; ass. judge sup. ct. Mass. 1801-1813; chief just. supt. ct. Mass. 1813-1814; on relations with France, II. 73, 74; on alien laws, VII. 22, 24, 25, 27.

SEWARD, JAMES L. (Ga.): b. 1813, d. 1886; M. C. 1853-1859; on polygamy, VIII. 423.

SEWARD, WILLIAM HENRY (N. Y.): b. 1801, d. 1872; adm. bar 1823; gov. of N. Y. 1838-1842; Sen. 1849-1861; Sec. of State 1861-1869; on sympathy with Ireland, II. 276; on intervention in for. aff., II. 285, 286, 297 *ss*; quoted by John H. Clarke, II. 287, 288; dispatch by, on *Trent* affair, II. 380; urges freedom of commerce, II. 394; *in re* purchase of Alaska, II. 396, 411, 414 *ss*; on *Alabama* claims, II. 426 *ss*; Zach.

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SEWELL, WM. J. (N. J.): b. 1835, d. 1901; brig.-gen. Union A. 1865; Sen. 1881-1887; 1895-1901; opposes R. R. regulation, X. 340-345.

SEYBERT, ADAM (Pa.): b. 1773, d. 1825; M. C. 1809-1815, 1817-1819; opposes a navy, IX. 207-210.

SEYD, ERNEST, economist: on tariff, quoted, XII. 175; ref. to, XIV. 78, 158.

SEYMOUR, HORATIO (N. Y.): b. 1810, d. 1886; adm. bar 1832; Speaker N. Y. ass. 1845; gov. 1852-1854, 1862-1864, IV. 237; address by, on prosec. war, VI. 327 *ss*; in controversy with Pres. Lincoln over military draft, VI. 318; address by, on arrest of Vallandigham, VI. 319, 320; nomi. for Pres., VIII. 86; caricatures of, VI. 313, VIII. 87, 94.

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SHAFROTH, JOHN F. (Col.): b. 1854; adm. bar 1876; M. C. 1895-1904; gov. Col. 1908——; on isthmian canal, III. 386; on conservation, X. 113-124.

SHAFTESBURY, EARL OF (Anthony Ashley): b. 1801, d. 1885; Eng. philanthropist; work against child labor, XI. 309.

SHANKLIN, GEORGE S. (Ky.): M. C. 1865-1867; on XIVth Amend., VII. 430.

SHANNON, WILSON (O.): b. 1802, d. 1877; governor of O. 1838-1840; 1842-1844; min. to Mex. 1844-1845; M. C. 1855-1857; gov. of Kan. Terr. 1855-1856, IV. 319.

SHARKEY, WILLIAM L. (Miss.): b. 1797, d. 1873; adm. bar 1824; pres. Southern States Conv. 1850; prov. gov. Miss. 1865, VII. 276.

SHAW, ANNA HOWARD: b. 1847; preacher; pres. Nat. Am. Woman's Suf. Assn. 1904——; *in re* woman suf., VIII. 396.

SHAYS, DAN'L (Mass.): b. 1747, d. 1825; in Rev.; leads insurrection to secure pay for troops 1786, I. 267; ref. to, VI. 353.

SHEFFIELD, LORD (Eng.): opposes com. treaty with U. S., I. 264.

SHEFFIELD, WM. P. (R. I.): b. 1820, d. 1907; adm. bar 1844; M. C. 1861-1863; Sen. 1884-1885; vote by, on compensated eman., VI. 189; on writ of *habeas corpus*, quoted, VI. 298.

SHELLABARGER, SAMUEL (O.): b. 1817, d. 1896; adm. bar 1846; M. C. 1861-1863, 1865-1869; min. to Portugal 1869; M. C. 1871-1873; on purchase of Alaska, II. 422; on employing slaves as soldiers, quoted, VI. 235, 236; on reconstruction, VII. 332; his definition of a state, VII. 333 *ss*; on military reconstruction, VIII. 47; on XVth Amend., VIII. 116; on ship subsidy, XI. 118; on tariff of 1872, XII. 146 *ss*.

SHELBURNE, LORD (Eng.): on removing troops from Boston, I. 104; appointed sec. of state; opposes recognition of Am. Ind.; appointed First Lord of Treasury, I. 227; resigns from Cabinet, I. 236, 237.

SHEPPARD, MORRIS (Tex.): b. 1875; adm. bar 1898; M. C. 1902——; on Payne tariff, XII. 387, 388.

SHERIDAN, PHILIP H., GEN. (N. Y.): b. 1831, d. 1888; grad. West Point 1853; brig. gen. Union A. 1862; lieu. gen. U. S. army 1869-1883; general-in-chief 1883-1888; on New Orleans massacre, VII. 459; ref. to, VIII. 226.

SHERLEY, J. SWAGAR (Ky.): b. 1871; adm. bar 1891; M. C. 1903—; on canal fortifications, III. 447 *ss*; on single tax, X. 98 *ss*; on Payne tariff, XII. 398.

SHERMAN, JAMES S. (N. Y.): b. 1855, d. 1912; adm. bar 1880; M. C. 1887-1891, 1893-1897; Vice-Pres. U. S. 1909-1912; *in re* R. R. rate regulation, X. 490.

SHERMAN, JOHN (O.): b. 1823, d. 1900; adm. bar. 1844; M. C. 1855-1861; Sen. 1861-1877; Sec. Treas. 1877-1881; Sen. 1881-1897; Sec. State 1897-1898; on annex. of San Domingo, III. 12; on Hawaii, cited, III. 217; on com. to investigate Kan., IV. 324; on isthmian canal, III. 350, 354, 355; candidacy of, for Speaker, V. 209; plan of conciliation offered by, V. 437; on compensated eman., VI. 186 *ss*; on danger of invasion of exec. power by Cong., VIII. 37; on military reconstruction, VIII. 58; on XVth Amend., VIII. 158, 159; on Southern outrages, VIII. 179; on tenure of office, IX. 28, 37; supports Civil Service bill, IX. 289; advocates gov. R. R's, X. 227-237; on interstate commerce, X. 322; *in re* Pullman Co., X. 387; introduces anti-trust law, XI. 10; on the law, XI. 35; on tariff reduction, XII. 255 *ss*; on income tax, XII. 405; intro. bill for nat. bank currency, XIII. 213; on reduc. currency, XIII. 340, 343, 344; on specie resump., XIII. 361; provisions specie bill of, XIII. 361 *ss*; intro. bill to resume specie payments, XIII. 361; advocates specie payments and currency of uniform value, XIII. 379, 401 *ss*; intro. bill to drop standard silver dollar from coinage, XIV. 1; intro. bill removing legal tender of trade dollar, XIV. 6; on legal tender of trade dollar, XIV. 6, 7, 9, 10; reports bill to recoin standard silver dollar with limited legal tender, XIV. 11; on recoinage of standard silver dollar, XIV. 27 *ss*, 29, 39 *ss*; report as Secretary of Treas., XIV. 57; proposed amend. to silver purchase bill, XIV. 254; on silver purchase, XIV. 257 *ss*, 262, 264 *ss*, 278 *ss*; reports substitute for Congress silver purchase bill, XIV. 273; reports on silver purchase bill, XIV. 276; on repeal of silver purchase, XIV. 393 *ss*; portrait, XI. frontispiece; caricature, XII. 405.

SHERMAN, ROGER (Ct.): b. 1721, d. 1793; adm. bar 1754; just. ct. comm. pleas 1759-1761; judge sup. ct. 1766-1789; del. Cont. Cong. 1774-1781, I. 3, 4; 1783-1784; sig. Dec. of Ind.; del. U. S. const. conv. 1787; M. C. 1789-1791; Sen. 1791-1793; on com. to draw Dec. of Ind., I. 191; in Cons. Conv., I. 344, 354, 355, 358; on petition against slave trade, IV. 11; on slavery, quoted, IV. 236; vote against slavery in N. W. Territory, cited, V. 247.

SHERWOOD, ISAAC R. (O.): b. 1835; brig. gen. Union army; M. C. 1873-1875, 1907——; on reciprocity, XII. 440 *ss*.

SHIELDS, JAMES, Gen. (Ill.): b. 1810, d. 1879; judge sup. ct. Ill. 1843; Genl. Land Off. commr. 1845-1847; maj.-gen. Mex. war 1847; Sen. 1849-1855, 1858-1859, 1879; on sympathy with Ireland, II. 270 *ss*; expiration of term of, IV. 311, 312.

SHIRAS, GEORGE (Pa.): b. 1832; ass.-just. Sup. Ct. 1882-1903; change of opinion on income tax, XII. 342, 409.

SHIVELY, BENJAMIN F. (Ind.): b. 1857; M. C. 1884-1885, 1887-1893; Sen. 1909——; on powers of Speaker, IX. 396; on ship subsidies, XI. 163; on Mills tariff bill, XII. 244, 245; on McKinley tariff, XII. 270, 271.

SIBLEY, JOSEPH C. (Pa.): b. 1850; M. C. 1893-1895, 1899-1901; 1901-1907; opposes R. R. rate regulation, X. 427-435.

SICKELS, DAN'L E. (N. Y.): b. 1825; adm. bar. 1846; M. C. 1857-61; votes against declaration that there is no cause for disunion, V. 438; gen. Civil War; wounded at Gettysburg; comm'r Mil. Dept. of South 1865; min. Spain 1869-73; M. C. 1892-94.

SIFTON, CLIFFORD, Hon. (Can.): on reciprocity with U. S., XII. 450, 454 *ss*.

SIMMONS, FURNIFOLD M. (N. C.): b. 1854; adm. bar. 1875; M. C. 1887-1889; collector of int. rev. 1893-1896; Sen. 1901——; intr. bill prohibiting interstate commerce in child-made goods, XI. 295.

SIMMONS, GEORGE A. (N. Y.): b. 1791, d. 1857; M. C. 1853-1857; on polygamy, VIII. 412.

SIMMONS, JAMES F. (R. I.): b. 1795, d. 1864; Sen. 1841-1847, 1857-1862; on taxation, quoted, XII. 113; on internal revenue, XII. 115, 116; proposes income tax, XII. 403.

SIMPSON, JERRY (Kans.): b. 1842, d. 1905; sailor; in Union army; M. C. 1891-95, 1897-99; on single tax, X. 70, XII. 408; on Wilson tariff, XII. 305, 306; on Dingley tariff, XII. 346, 347; on silver purchase repeal, XIV. 340 *ss*.

SITGREAVES, SAMUEL (Pa.): b. 1764, d. 1827; adm. bar 1783; del. state const. conv. 1790; M. C. 1795-1798; U. S. commr. to Gt. Brit. 1798; on petition of fug. freedmen, IV. 30, 31; on peace resolutions, II. 71.

SKELTON, CHARLES (N. J.): b. 1806, d. 1879; supt. public schools Trenton; M. C. 1851-1855; favors homestead law, X. 23-27.

SLADE, WILLIAM (Vt.): b. 1786, d. 1859; adm. bar. 1810; est. *Columbian Patriot* 1814-1816; M. C. 1831-1843; Gov. of Vt. 1845-1846; on slavery, IV. 131.

SLAUGHTER, MR., letter of W. L. Yancey to, quoted, V. 231, 232.

SLEMMER, ADAM J. (Pa.): b. 1828, d. 1868; grad. West Point 1850; brig.-gen. Union army 1862; defence of Fort Pickens by, V. 283.

SLIDELL, JOHN (La.): b. 1793, d. 1871; M. C. 1843-1845; app. U. S. Min. to Mexico; Sen. 1853-1861; sent as Confed. Com. to Gt. Brit., II. 378, 380; on relations with Spain, III. 78; on purchase of Cuba, III. 85, 97, 98; Anson Burlingame on, IV. 361; on conciliation, V. 370.

SLOAN, JAMES (N. J.): b. 1752, d. 1811; M. C. 1803-1809; on embargo, II. 146.

SMILIE, JOHN (Pa.): b. 1741, d. 1812; mem. Pa. Const. Conv. 1790; M. C. 1793-1795, 1799-1812; on indirect taxation, XII. 13, 15 *ss*.

SMITH, ADAM: b. 1723, d. 1790; Scots economist; author "Wealth of Nations"; on taxation, quoted, XII. 119; on colonial policy of G. B., quoted, XII. 143; on tariff, quoted, XII. 335; on finance, quoted, XIII. 117, 118, XIV. 122; ref. to, XIV. 94, 383.

SMITH, DIETRICH C. (Ill.): b. 1840; banker; in Union Army; M. C. 1881-1883; on nat. banks, XIII. 256, 257, 258.

SMITH, GERRIT (N. Y.): b. 1797, d. 1874; adm. bar. 1853; M. C. 1853-1854; favors colonization of freedmen, IV. 99; on polygamy, VIII. 409, 410.

SMITH, MRS. GERRIT, sends memorial to Senate on woman suf., VIII. 314.

SMITH, GREEN CLAY (Ky.): b. 1832, d. 1895; adm. bar. 1852; brig.-gen. Union Army; M. C. 1863-1866; Gov. Mont. Ter. 1866-1869; on XIVth Amend., VII. 428.

SMITH, HYRUM: Mormon leader, murdered, VIII. 403.

SMITH, JOSEPH (Vt.): b. 1805, d. 1844; founder of Mormonism, VIII. 401 *ss;* promulgates doctrine of polygamy, VIII. 403; murdered, VIII. 403; ref. to, VIII. 448.

SMITH, NATHANIEL (Ct.): b. 1762, d. 1822; adm. bar 1787; M. C. 1795-1799; judge Conn. sup. ct. 1806-1819; on peace res., II. 75, 76; on deportation of aliens, VII. 25.

SMITH, OLIVER H. (Ind.): b. 1794, d. 1849; adm. bar 1822; M. C. 1827-1829; Sen. 1837-1843; opposes State rights *in re* roads, X. 156.

SMITH, RALPH (Can.): on reciprocity with U. S., XII. 457, 465 *ss.*

SMITH, ROBERT (Pa.): b. 1757, d. 1842; Sec'y Navy 1802-1805; Att.-Gen. U. S. 1805-1809; Sec'y State, 1809-1811; refuses to hold communications with Brit. min., II. 147.

SMITH, SAM'L. (Md.): b. 1752, d. 1839; M. C. 1793-1803; Sen. 1803-1815; Sec. Navy 1812; M. C. 1815-1822; Sen. 1822-1833; Sumner on, IV. 299; on method of taxation, XII. 13, 15; on tariff of 1816, XII. 25; on naturalization, VII. 19.

SMITH, WILLIAM (S. C.): b. 1762, d. 1840; adm. bar 1784; M. C. 1797-99; Sen. 1816-23; 1826-31; presents protest of S. C. against Tariff of 1828, V. 30; speech on, V. 32, 33.

SMITH, WILLIAM (Va.): b. 1796, d. 1887; M. C. 1841-1843; Gov. of Va. 1845-1848; M. C. 1853-1861; mem. Confed. Cong. 1862; Gov. of Va. 1864; on polygamy, VIII. 406.

SMITH, WILLIAM L. (S. C.): d. 1801; M. C. 1789-97; min. Portugal 1797-1801; on petition against slave trade, IV. 10, 11, 15, 19 *ss;* on petition of fugitive freedmen, IV. 31; on naturalization, VII. 15; on taxation, XII. 12, 13, 17.

SMITHERS, NATHANIEL BARRATT (Del.): b. 1818, d. 1896; adm. bar 1840; M. C. 1863-1865; on reconstruction, VII. 220.

SMYTH, ALEX. (Va.): b. 1765, d. 1830; Inspector-General U. S. A. 1812; M. C. 1817-1825, 1827-1830; on censure of Gen. Jackson, VIII. 253; on Mo. Comp. IV. 78 *ss.*

SNODGRASS, HENRY CLAY (Tenn.): b. 1848; lawyer; M. C. 1891-1895; on silver purchase repeal, XIV. 360, 377.

SOLLERS, AUGUSTUS R. (Md.): M. C. 1841-1843, 1853-1855; resolution by, on Ostend conf., III. 84.

SOULÉ, PIERRE (La.): b. 1802, d. 1870; adm. bar. 1826; Sen. 1847, 1849-1853; U. S. Min. to Spain 1853-1855; instructions to, III. 73, 78, 83, 84.

SPALDING, JOHN L. (Ill.): b. 1840; R. C. bishop of Peoria 1877——; coal strike arbiter, XI. 335.

SPALDING, RUFUS P. (O.): b. 1798, d. 1886; judge O. sup. ct. 1849-1852; M. C. 1863-1869; on purchase of Alaska, II. 421; on reconstruction, VII. 330; on impeach. Pres. Johnson, IX. 61; on payment of interest in gold, XIII. 313.

SPARGO, JOHN: b. 1876; socialist writer, dir. Am. Soc. Socy.; quoted on child labor, XI. 296.

SPAULDING, ELBRIDGE GERRY (N. Y.): b. 1809, d. 1897; mayor of Buffalo 1847; M. C. 1849-1851, 1863; introduces bill authorizing issue of $100,000,000 treasury notes, XIII. 183, 184 *ss;* on national banking system bill, XIII. 217 *ss.*

SPEED, JAMES (Ky.): b. 1812, d. 1887; adm. bar 1833; Att.-Gen. U. S. 1863-1865; in Cabinet; his position on reconstruction, VII. 272; address at Southern Loyalists' convention, VII. 452.

SPENCER, HERBERT: Eng. phil.; b. 1820, d. 1903; on private ownership of land, VIII. 263, X. 52, 53, 76.

SPINNER, FRANCIS E. (N. Y.): b. 1802, d. 1890; M. C. 1855-1861; Treas. U. S. 1861-1875; on com. to investigate Sumner assault, IV. 357; ref. to, XIII. 363.

SPOONER, JOHN C. (Wis.): b. 1843; in Union Army; adm. bar 1867; Sen. 1885-1891, 1897-1907; on annex. of Philippines, III. 314 *ss;* amend. on canal route, III. 400 *ss,* 404, 410 *ss;* speech on the amend., III. 402; on child labor, XI. 305.

SPRAGUE, WILLIAM (R. I.): b. 1830, d. 1875; Gov. of R. I. 1860-1862; Union A.; Sen. 1863-1875; on Freedmen's Aid bill, VIII. 173; on equal male suf., VIII. 30.

SPRIGG, RICHARD, Jr. (Md.): M. C. 1796-1799, 1801-1803; on relations with France, II. 69, 70.

SPRINGER, WM. M. (Ill.): b. 1836, d. 1903; adm. bar 1859; sec. Ill. const. conv. 1862; M. C. 1875-1895; on McKinley tariff, XII. 276, 277; ref. to, XII. 325; on repeal of nat. banking section of specie bill, XIII. 438.

SPROUL, J. (Can.): M. P., on reciprocity with U. S., ref. to, XII. 443.

SQUIER, E. GEORGE (N. Y.): b. 1821, d. 1888; ed. *Hartford Journal* 1843-1845; chargé d'affaires to Central America 1849-1854; U. S. Commr. to Peru 1863-1865; consul gen. of Honduras 1868-1871; mission of, to Cen. America, III. 327.

STAEMPFLI, JACOB (Switz.): mem. Geneva Comm'n, II. 444.

STANBERY, HENRY: b. 1803, d. 1881; adm. bar 1824; Att.-Gen. U. S. 1866; opinion of, on supp. reconstruction act, VIII. 72; of counsel for Pres. Johnson, IX. 90.

STANFORD, LELAND (Cal.): b. 1824, d. 1893; gov. Cal. 1861-1863; pres. Cent. Pac. R. R.; Sen. 1885-1893; opposes R. R. regulation, X. 332-335.

STANLEY, AUGUSTUS O. (Ky.): b. 1867; Pres. Marion Acad. 1889-1894; M. C. 1903——; on R. R. rate regulation, X. 434.

STANLEY, JOHN (N. C.): b. 1774, d. 1833; M. C. 1801-1803, 1809-1811; mem. house of commons N. C. 1798-1799; 1812-1815, 1818, 1819, 1823, 1825, 1826; on tenure of office of judges, IX. 513.

STANTON, BENJ. (O.): b. 1809, d. 1872; adm. bar 1834; M. C. 1855-1861; lieu.-gov. 1862; in debate on conciliation bill, V. 440; on tariff of 1857, XII. 82, 83.

STANTON, EDWIN M. (O.): b. 1814-1869; adm. bar 1836; Attorney-Gen. U. S. 1860-1862; Sec'y of War 1862-1868; letter of Gen. Halleck to, II. 417; appointed Att.-Gen., V. 280; report to, on negro soldiers, VI. 232, 233; orders by, to Gen. Saxton, VI. 233; order by, for retaliation, VI. 251, 252; Vallandigham on, VI. 267, 294; appoints comm. of Freedmen's Bureau, VII. 183; in Cabinet; his position on reconstruction, VII. 272; removed from post of Sec. of War, IX. 77, 78, 88, 90, 92.

STANTON, ELIZABETH CODY (N. Y.): b. 1815, d. 1902; social reformer; *in re* woman suf., VIII. 318, 337.

STEBBINS, GILES B.: replies to "Progress and Poverty," X. 80 *ss.*

STEELE, JOHN (N. C.): b. 1814, d. 1866; M. C. 1861-1865; on alcohol tax, XII. 10, 11.

STEPHENS, ALEX. H. (Ga.): b. 1812, d. 1883; adm. bar 1834; M. C. 1843-1859; del. sec. conv. Ga. 1861; Vice-Pres. of Confed. 1861-1865; Sen. 1866; M. C. 1873-1882; Gov. of Ga. 1882-1883; on slavery, IV. 158; on secession, IV. 180, 181; drafts manifesto on slavery, IV. 237; on Neb. bill, IV. 310; mem. conf. com., V. 107; letter of, on outlook for Dem. party (1860), quoted, V. 238, 239; opposes secession, V. 278; elected Conf. Vice-Pres., V. 284; inaugural, V. 287 *ss;* peace proposal, VI. 335; on "ironclad oath," VII. 279; on polygamy, VIII. 408, 416; on troops at polls, IX. 140; on inter. revenue, XII. 119, 120; on free coinage of silver, XIV. 54.

STEVENS, JAMES (Ct.): b. 1768, d. 1835; M. C. 1819-1821; postmaster Stamford, Conn., 1822; on Mo. Comp., IV. 96, 97.

STEVENS, JOHN L. (Me.): b. 1820, d. 1895; ed. Kennebec *Journal;* min. Urug. and Parag. 1870-73; min. Swed. and Nor. 1877-83; appd. min. to Hawaii 1889; upholds provisional gov't, III. 170.

STEVENS, THADDEUS (Pa.): b. 1793, d. 1868; adm. bar 1826; mem. State const. conv. 1838; M. C. 1849-1853, 1859-1868; on purchase of Alaska, II. 421; remark on Cons. Union Conv., V. 244; on compensated eman., VI. 169; bill by, for employment of negro soldiers, VI. 234 *ss;* in debate on bill, VI. 240 *ss;* on reconstruction, VII. 233; ref. to, VII. 301; mem. reconstruction comm., VII. 307, 311; on XIVth Amend., VII. 414, 421, 423; on milit. reconstruction, VIII. 44, 45, 53, 54, 58, 59; reports res. of J. Covode, IX. 78; closes debate on impeachment of Johnson, IX. 88; manager of impeachment, IX. 90; bill by, for internal revenue, XIII. 103 *ss;* in debate on bill, XII. 111, 112; quoted, XIII. 260; portrait, VII. 302; caricatures, VII. 313, IX. 60, 91.

STEVENSON, ANDREW (Va.): b. 1784, d. 1857; M. C. 1823-1834; Speaker 1827-1834; min. to G. B. 1836-1841; appoints committee of investigation regarding loans to Representatives by U. S. Bank, XIII. 84.

STEVENSON, JOB E. (O.): b. 1832; M. C. 1869-1873; on free trade, quoted, XII. 138; on tariff of 1872, XII. 146, 147.

STEWART, JAMES, SIR: on tariff, quoted, XII. 29, 30.

STEWART, WILLIAM M. (Nev.): b. 1827, d. 1909; attorney-gen. of Cal. 1884; mem. Nev. const. conv. 1863; Sen. 1864-1875, 1887-1905; on civil rights, VII. 388; on military reconstruction, VIII. 55; on equal manhood suf., VIII. 98, 101; on length of presidential term, IX. 407; on Sherman anti-trust law, XI. 62; on reduction of currency, XIII. 342; on silver purchase, XIV. 248, 262, 268, 283.

STIMSON, HENRY L.: b. 1867; adm. bar 1891; Sec. of War 1911-1913; on Panama Canal tolls, quoted, III. 461.

STOCKTON, JOHN POTTER (N. J.): b. 1826, d. 1900; adm. bar 1849; min. to Rome 1857-1861; Sen. 1865-1866, 1869-1875; att.-gen. N. J. 1877-1892; questioned by Seward, II. 300.

STOCKTON, ROBERT F. (N. J.): b. 1795, d. 1866; Commodore U. S. Navy 1845-1846; Sen. 1851-1853; pres. Del. & Raritan Canal 1853-1866; opposes flogging in navy, IX. 226; opposes Pacific R. R., X. 160.

STODDERT, BENJAMIN (Md.): b. 1751, d. 1813; sec'y bd. of war 1779-1781; sec'y of navy 1798-1801, II. 83.

STOECKL, MR. (Russia): negotiations with, for purchase of Alaska, II. 414, 415.

STOKES, WILLIAM B. (Tenn.): b. 1814, d. 1897; M. C. 1859-1861; Maj.-Gen. C. S. A.; M. C. 1865-1871; on military reconstruction, VIII. 59; introduces res. *in re* manhood suffrage, VIII. 96.

STONE, DAVID (N. C.): b. 1770, d. 1818; adm. bar 1790; judge sup. ct. N. C. 1795-1798; M. C. 1799-1801; Sen. 1801-1807; Gov. of N. C. 1808-1810; Sen. 1813-1814; on tenure of office of judges, IX. 506.

STONE, MICHAEL J. (Md.): b. c. 1750, d. 1812; M. C. 1789-1791; on petitions against slave trade, IV. 9, 10.

STONE, WILLIAM JOEL (Mo.): b. 1848; adm. bar 1869; M. C. 1885-1891; Gov. of Mo., 1893-1897; Sen. 1903——; on railroad land grants, X. 279-285; on income tax, XII. 412, 413.

STONE, WILLIAM JOHNSON (Ky.): b. 1841; speaker Ky. leg. 1875-1877;

M. C. 1885-1895; votes for single tax amend., X. 70.
STOEY, JOSEPH (Mass.): b. 1779, d. 1845; adm. bar 1801; M. C. 1808-1809; Ass. Just. U. S. Sup. Ct. 1813-1845; on writ of habeas corpus, cited, VI. 88; on bills of attainder, quoted, VI. 198 *ss*; on jurisdic. Fed. courts, VII. 115; quoted, VII. 368; on appointments to office, IX. 35; on impeachment, IX. 70, 75; on Fed. power over internal commerce, X. 214; on Fed. jurisdiction over State lands, X. 217; on jurisdiction of U. S. courts, XI. 46; quoted, XI. 49; his "Commentaries" quoted, XIII. 191; defines bill of credit, XIII. 200.
STOUT, LANSING (Ore.): b. 1828, d. 1870; M. C. 1859-1861; presents minority report on conciliation, V. 439.
STOWE, HARRIET BEECHER (O.): b. 1811, d. 1896; author of "Uncle Tom's Cabin," IV. 259.
STOWELL, LORD, see SCOTT, WILLIAM.
STRINGFELLOW, GEN.: leads "Platte County Rifles," IV. 324.
STROUSE, MYER (Pa.): b. 1825, d. 1878; ed. *North American Farmer* 1848-1852; M. C. 1863-1867; solic. for "Mollie McGuire" outlaws 1877; quotes N. Y. *Times* on XIVth Amend., VII. 437.
STUART, ALEX. H. H. (Va.): b. 1807, d. 1891; adm. bar 1828; M. C. 1841-1843; Sec. Int. 1850-1853; on delegation to confer with Lincoln, VI. 55.
SUFFOLK, LORD (Eng.): on war with America, I. 217.
SULZER, WILLIAM (N. Y.): b. 1863; adm. bar 1884; speaker N. Y. leg. 1893; M. C. 1895-1913; gov. 1913; impeachment proceedings, 1913; on annex. of Hawaii, III. 210, 211; on R. R. regulations, X. 465, 485; votes for Pac. R. R. funding bill, X. 320; on Payne tariff, XII. 389, 390.
SUMMERS, GEORGE W. (Va.): b. 1804, d. 1868; M. C. 1841-1845; judge dist. ct. Va. 1852-1858; letter of Lincoln to, VI. 54.
SUMNER, CHARLES (Mass.): b. 1811, d. 1874; adm. bar 1835; prof. Cambridge law school 1835-1837; Sen. 1851-1874; on *Trent* affair, II. 383; on *Alabama* claims, II. 427 *ss*; on annex. of Domingo, III. 17 *ss*, 34 *ss*, 40; attempted removal of, by Grant, III. 24, 30, 31, 34; Sen. Nye on, III. 31 *ss*; Zach. Chandler on III. 34 *ss*; Conkling on, III. 38 *ss*; Thurman on, III. 42 *ss*; joins Lib. Rep. party, III. 45, 46; on Alaska, quoted, III. 265; elected to Senate, IV. 256; on Kan.-Neb. bill, IV. 296 *ss*; P. Butler on, IV. 304, 305; on "The Crime Against Kansas," IV. 336 *ss*; reply to attack by Douglas, IV. 349 *ss*; assault on, by Preston Brooks, IV. 351 *ss*; debates on, 353 *ss*; on disunion, V. 332 *ss*; speech of, alluded to, in debate, V. 358; Sen. Willey on, VI. 139; on slavery in D. C., VI. 155 *ss*; befriends Frémont, VI. 247; assault on, Henry Wilson on, VI. 370; on abolition of slavery, VI. 403 *ss*; on Freedmen's Aid bill, VII. 174; on reconstruction, VII. 288; on civil rights, VII. 308, 385; on equal male suf., VIII. 35; on Pres. Johnson's third message, VIII. 80; on XVth Amend., VIII. 122 *ss*, 154; refuses to consider woman suf. *in re* XVth Amend., VIII. 313, 317; on tenure of office, IX. 49; attacks State R. R. monopolies, X. 210-226; on State rights, X. 220-221; introduces bill to resume specie payments, XIII. 352; caricatures of, III. 24, 26; IV. 352; V. 333; VII. 307; VIII. 200; IX. 115, 329.
SUMNER, DR. HELEN: on workings of woman suf. in Col., VIII. 349.
SUMNER, WILLIAM G. (N. J.): b. 1840, d. 1910; prof. polit. science, Yale Univ., 1872-1910; on tariff of 1846, XII. 78.
SUMTER, THOMAS (S. C.): b. 1736, d. 1832; gen. in Rev.; oppos. ratif. of Const.; M. C. 1789-93, 1797-1801; Sen. 1801-10; on provisional army, IX. 187.
SUTHERLAND, GEORGE (Ut.): b. 1862; adm. bar 1883; M. C. 1901-1903; Sen. 1905—; on Arizona const., IX. 533; opposes recall of judges, IX. 538.
SUTRO, ADOLPH H. (Cal.): b. 1830, d. 1898; mayor of San Francisco 1887-1889; *in re* Pacific R. Rs. subsidy, X. 309, 311.
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TANEY, ROGER B. (Md.): b. 1777, d. 1864; adm. bar 1799; Atty.-Gen. 1831-33; Chief Just. U. S. Sup. Ct. 1836-64; on acquisition of terr., III. 186, 249; opinion on Dred Scott case, IV. 378 *ss*; on slavery in territories, cited, V. 161; on coercion of States by Fed. Gov't., VI. 52; Vallandigham on, VI. 78, 79; on writ of *habeas corpus*, cited, VI. 88; opinion by, in case of Booth *vs.* U. S., cited, VI. 352, 397; on State rights, VII. 204; ref. to, VIII. 459.
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TAPPAN, MASON W. (N. H.): b. 1817, d. 1886; adm. bar 1841; M. C. 1855-61; in Civil War; presents minority report, com. on conciliation, V. 439.
TARBELL, IDA M. (N. Y.): b. 1857; editor and author; introduction by, on tariff, XII. 1 *ss*.
TAUSSIG, FRANK W.: b. 1859; polit. economist; prof. at Harvard; works by, on tariff, ref. to, XII. 378, 379.
TAWNEY, JAMES A. (Minn.): b. 1855; adm. bar 1882; M. C. 1893-1911; on reciprocity with Hawaii, III. 181; on canal forts., III. 446, 447.
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TAYLOR, HANNIS: b. 1851; adm. bar 1870; min. to Spain 1893-97; author of "Origin and Growth of Amer. Const.," I. xxvi.; on Pelatiah Webster, I. 270.
TAYLOR, JOHN (Va.): b. 1750, d. 1824; adm. bar 1774; in Rev. War; Sen. 1792-94, 1803, 1822-24; on La. Purchase, II. 107.
TAYLOR, JOHN L. (O.): b. 1805, d. 1870; adm. bar 1828; M. C. 1847-55; on polygamy, VIII. 430.
TAYLOR, JOHN W. (N. Y.): b. 1784, d. 1854; adm. bar 1807; M. C. 1813-33; Spkr.; on slavery, IV. 44 *ss*, 60, 78; reports bill to charter nat. bank, XIII. 51.
TAYLOR, JOSEPH D. (O.): b. 1830, d. 1899; adm. bar 1859; in Civil War; M. C. 1882-85, 1887-93; on liquor tax, XI. 397.
TAYLOR, NATHANIEL G. (Tenn.): b. 1819, d. 1887; adm. bar; M. C. 1854-55, 1865-67; on polygamy, VIII. 420.
TAYLOR, ZACHARY (La.): b. 1784, d. 1850; in War of 1812, Ind. and Mex. wars; Pres. 1849-50; favors recog. Hungarian indep., II. 265; defeat of Mexicans by, II. 344; elected Pres., II. 377, III. 327; thwarts filibustering expedition to Cuba, III. 70; on Wilmot Proviso, IV. 180; on admission of Cal., IV. 183, 184; death of, IV. 226; Clayton on, III. 330, 333; Iverson on, IV. 156; Seward on, V. 429; caricatures of, II. 321, IV. 167, 179.
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THACHER, GEO. (Mass.): b. 1754, d. 1824; adm. bar 1778; del. Cont. Cong. 1787-88; M. C. 1789-1801; on petition of fugitive freedmen, IV. 29, 30, 32; on slavery in Terr., IV. 43.
THAYER, M. RUSSELL (Pa.): b. 1819, d. 1906; adm. bar 1842; M. C. 1863-65; on reconstruction, VII. 231; on civil rights, VII. 406; on military reconstruction, VIII. 47.
THIERS, LOUIS A.: b. 1797, d. 1877; Fr. statesman; quoted, XIII. 204.
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THOMAS JESSE B. (Ill.): b. 1777, d. 1853; adm. bar 1803; del. to Cong. from Ind. Ter. 1808-09; Sen. from Ill. 1818-29; compromise on slavery proposed by, IV. 61.
THOMAS, LORENZO (Del.): b. 1804, d. 1875; grad. W. Point. 1823; in Mex. and Civil Wars; ap. Sec. War *ad interim* 1868, IX. 84.
THOMAS, PHILIP F. (Md.): b. 1810, d. 1890; adm. bar; M. C. 1839-41; gov. 1848-51; Sec. of Treasury 1860-61, V. 280; presented creden-

tials but was refused seat in Sen. 1868; M. C. 1875-77.
THOMPSON, JACOB (Miss.): b. 1810, d. 1885; adm. bar 1834; M. C. 1839-51; declined app. to Sen. 1845; Sec. Int. 1857-61; gov. 1862-64; mission of, to N. C.; resigns his office, V. 282.
THOMPSON, JAMES (Pa.): b. 1806, d. 1874; pres. of dist. court 1839-44; M. C. 1845-51; judge sup. ct. Pa. 1857-66; chief just. of the ct. 1866-72; on executive removal from office, IX. 47.
THOMPSON, PHILIP B. (Ky.): b. 1845, d. 1909; adm. bar; M. C. 1879-85; on inter. revenue, XII. 118, 119.
THOMPSON, PHILIP R. (Va.): b. 1766, d. 1837; M. C. 1801-07; on tenure of office of judges, IX. 510.
THOMPSON, WADDY, JR. (S. C.): b. 1798, d. 1868; adm. bar 1819; M. C. 1835-41; min. to Mex., 1842-44; on petitions against slavery, IV. 106, 107, 111 *ss*, 118; John Quincy Adams on, IV. 121, 122.
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THURSTON, LORRIN A.: b. Hawaii 1858; adm. bar 1878; min. of Interior, Hawaii, 1887-90; min. of Hawaii to U. S. 1893-94; referred to, in debate on annex. of Hawaii, III. 206, 207, 242.
TICKNOR, GEORGE (Mass.): b. 1791, d. 1871; author; letter of Webster to, II. 266.
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TILLMAN, GEO. D. (S. C.): b. 1826, d. 1902; adm. bar 1848; in Civil War; M. C. 1879-82, 1883-93; on tariff comm'n, XII. 184; on free coinage of silver, XIV. 196.
TILTON, THEODORE (N. Y.): b. 1835, d. 1907; editor; *in re* woman suf., VIII. 318.
TOCQUEVILLE, ALEXIS DE: b. 1805, d. 1859; Fr. statesman and author; on "Democracy in America," I. 270, 271.
TOMLINS, THOS. E., SIR: b. 1762, d. 1841; legal authority; quoted in *Alabama* controversy, II. 441.
TOMPKINS, EMMETT (O.): b. 1853; adm. bar 1875; M. C. 1901-03; introduces pure food bill, XI. 451.
TOOKE, THOMAS: b. 1774, d. 1858; Eng. economist; author; "History of Prices," ref. to, XII. 144, 145, XIII. 423, 444.
TOOMBS, ROBERT (Ga.): b. 1810, d. 1885; M. C. 1847-53; Sen. 1853-61; Confed. Sec. of State; gen. in C. S. A.; on war with Mex., II. 365, 366; on purchase of Cuba, III. 91 *ss*, 97; confers with Pres. Taylor, IV. 180; on slavery, IV. 180, 181; vote by, on Sumner assault, IV. 353; on slavery, quoted, V. 146; on slavery in Terr., V. 223; on Crittenden compromise plan, cited, V. 408; on Conciliation bill, V. 411 *ss*; on slavery, quoted, VI. 174; on tariff of 1857, XII. 99; Burlingame on, IV. 361; Daniel Clark on, V. 222.
TOUCEY, ISAAC (Ct.): b. 1796, d. 1869; adm. bar 1818; M. C. 1835-39; Atty.-Gen. 1848-49; Sen. 1852-57; Sec. of Navy 1857-61; opposes Pacific R. R. subsidy, X. 189.
TOWNSEND, CHARLES E. (Mich.): b. 1856; adm. bar 1895; M. C. 1903-11; Sen. 1911—; advocates R. R. rate regulation, X. 415-427.
TOWNSEND, MARTIN I. (N. Y.): b. 1810, d. 1903; adm. bar 1836; M. C. 1875-79; U. S. Dist. Atty. Nor. N. Y. 1879-87; on restricting Chinese immigration, XI. 223.
TOWNSEND, RICHARD W. (Ill.): b. 1840, d. 1889; adm. bar 1862; M. C. 1877-89; on tariff comm'n, XII. 209.
TOWNSHEND, CHARLES, SIR: b. 1725, d. 1767; Eng. statesman; on Stamp Act, I. 18, 19; tax bill by, I. 68.
TRACEY, CHAS. (N. Y.): b. 1847; M. C. 1887-95; vote by, for single tax, XII. 408.
TRACY, BENJ. F. (N. Y.): b. 1830; adm. bar 1831; gen. in Civil War; Sec. of Navy 1889-93; Rep. cand. for mayor N. Y., X. 86.
TRACY, URIAH (Ct.): b. 1755, d. 1807; adm. bar; M. C. 1793-96; Sen. 1796-1807; on La. Purchase, II. 107, 108; on tenure of office of judges, IX. 504; on method of taxation, XII. 13.
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TRIMBLE, LAWRENCE S. (Ky.): b. 1825, d. 1904; adm. bar; judge; M. C. 1865-71; arrest of, Sen. Powell on, VI. 343, 344.
TROUP, GEO. M. (Ga.): b. 1780, d. 1856; adm. bar 1799; M. C. 1807-15; Sen. 1816-18; gov. 1823-27; Sen. 1829-33; on African slave trade, IV. 35, 36, 38.
TRUMBULL, LYMAN (Ill.): b. 1813, d. 1896; adm. bar; Sen. 1855-73; referred to, in Lincoln-Douglas debates, V. 123, 129, 143 *ss*, 149, 156; on John Brown affair, V. 196 *ss*; on preservation of Union, V. 421 *ss*; bill by, for martial law, VI. 103; in debate on bill, VI. 103, 104, 107 *ss*; bill by, for punishment of treason, VI. 139, 191; debate on, VI. 191 *ss*; proposes XIIIth Amend., debates on, VI. 362 *ss*; passage of, VI. 413, 414; introduced act enlarging powers of Freedmen's Bureau, VII. 183; introduced first civil rights bill, VII. 365; on civil rights, VII. 366, 400; on Pres. Johnson's veto of civil rights bill, VII. 409; on pardoning power of Pres., VIII. 70; on XVth Amend., VIII. 155; introduces civil service bill, IX. 288 *ss*.
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TUCKER, ST. GEORGE: b. 1752, d. 1827; legal author; notes by, on British elections, quoted, VI. 337.
TUCKER, THOMAS T. (S. C.): b. 1745, d. 1828; surg. in Rev. War; del. to Cont. Cong. 1787-88; M. C. 1789-93; U. S. Treas. 1801-28; on slave trade, IV. 11, 12.
TUPPER, CHARLES, SIR: b. 1821; Canadian statesman; XII. 459, 462.
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TURNER, NAT. (Va.): b. 1800, d. 1831; slave insurrection led by, Lincoln on, V. 257.
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TWIGGS, DAVID E., GEN. (Ga.): b. 1790, d. 1862; in War of 1812, Ind., Mex. and Civil Wars (C. S. A.); surrenders Fed. property to C. S. A., V. 283, 284.
TYLER, JOHN (Va.): b. 1790, d. 1862; adm. bar 1809; M. C. 1817-21; gov. 1825-27; Sen. 1827-36; Vice-Pres. 1841; Pres. Apr. 4, 1841-45; on Mo. Comp., IV. 93 *ss*; on "Force" Bill, V. 93 *ss*; Pres. of peace conf., V. 435, 436; on censure of Gen. Jackson, VIII. 259; opposes Maepville Turnpike bill, X. 157-158; on tariff of 1832, XII. 61 *ss*; elected Vice-Pres., XIII. 161; quickly at odds with his party, XIII. 163; vetoes bill providing for nat. bank, XIII. 164; congratulated by Dem. legislators on veto of bank bill, XIII. 173; "shivareed" by Whig partisans, XIII. 173; vetoes Whig bill to establish "Fiscal Corporation of United States," XIII. 179; resignation of his Cabinet, XIII. 180; repudiated by Whig manifesto, XIII. 180; Douglas on, II. 340; Robert C. Winthrop on, II. 340; caricature of, XIII. 181.

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UNDERWOOD, OSCAR W. (Ala.): b. 1862; adm. bar 1884; M. C. 1895-96, 1897—; chm. Ways and Means 1911—; on Nicaragua Canal, III. 378; supports R. R. rate regulation, X. 463-65; on Payne tariff, XII. 386, 387, 400 *ss*; on reciprocity with Can., XII. 435, 436; bills by, for reciprocity with Can., XII. 442 *ss*; in debate on subject, 447.

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VALENTINE, EDWARD K. (Neb.): b. 1843, d. 1897; in Union army; judge dist. ct. Neb.; M. C. 1879-1885; on tariff com'n., XII. 183.
VALLANDIGHAM, CLEMENT L. (O.): b. 1820, d. 1871; adm. bar 1842; ed. Dayton *Daily Empire* 1847-1849; M. C. 1858-1863; banished 1863; on war-making power, VI. 71 *ss*; does not vote on Crittenden res., VI. 102, 103; on prosecut. war, VI. 255 *ss*, 271, 274, 275; on conscription bill, VI. 288 *ss*, 300; arrest of, VI. 318 *ss*; nom. gov., VI. 323, 324; defeated, VI. 329; death of, VI. 330; at "Harmony" conv., VII. 450; on "greenback" bill, XIII. 202; caricature of, VI. 313.
VAN BUREN, MARTIN (N. Y.): b. 1782, d. 1862; adm. bar 1803; att. gen. of N. Y. 1815-1819; Sen. 1821-1828; gov. of N. Y. 1828-1829; Sec. of State 1829-1831; Vice-Pres. U. S. 1832-1836; Pres. U. S. 1836-1840; negotiates for purchase of Tex., II. 333, 334; opposes annex.; nomin. for Pres., II. 335; John M. Clayton on, III. 333, 334; on slavery, IV. 130, 131; nomin. for Pres., IV. 159, 160; Seward on, V. 176; resists pop. clamor to rescind Treas. circular and reëstablish bank, XIII. 125; enters office during financial panic, XIII. 125; calls special session of Cong., XIII. 126; recommends estab. indep. treasury, XIII. 126; recommends uniform bankruptcy law, XIII. 126; recommends Treas. notes, XIII. 126; approves bill estab. Sub-Treas., XIII. 160; renominated for President, XIII. 161; caricatures of, II. 103, 335; IV. 167; XIII. 65, 107, 127, 139, 165.

VANCE, ZEBULON B. (N. C.): b. 1830, d. 1894; adm. bar 1852; M. C. 1858-1864; col. C. S. A. 1861-1862; gov. of N. C. 1862-1866; elec. Sen. 1870; gov. of N. C. 1876-1878; Sen. 1879-1894; advocates railroad regulation, X. 335-341; on Sherman anti-trust law, XI. 65; signs minority report on tariff reduction, XII. 257.

VANDERBILT, CORNELIUS (N. Y.): b. 1794, d. 1877; steamship and R. R. magnate; interests of, in Nicaragua Canal, III. 327.

VANDERBILT, WILLIAM H., son of C. V. (N. Y.): ref. to, XIV. 347.

VAN DYKE, NICHOLAS (Del.): b. 1738, d. 1789; adm. bar 1765; dep. State Const. Conv. 1776; del. Cont. Cong. 1777-1782; sig. Art. of Confed.; Pres. Del. 1783-1789; on State rights, IV. 66.

VAN HISE, CHAS. R. (Wisc.): b. 1857; prof. geology (1892-1903) and pres. Univ. Wis (1903—); introd. by, on trusts, XI. 1 *ss.*

VAN HORN, BURT (N. Y.): b. 1823, d. 1876; M. C. 1861-1863, 1865-1869; on military reconstruction, VIII. 52.

VAN HORNE, SIR WM. (Can.): b. 1843; pres. Southern Minn. R. R. 1877-1879; pres. and ch. of bd. Canadian Pacific R. R. 1879-1910; on reciprocity with U. S., quoted, XII. 458, 459.

VAN WINKLE, PETER G. (W. Va.): b. 1808, d. 1872; adm. bar 1835; mem. Va. Const. Conv. 1850; Sen. 1863-1869; on civil rights, VII. 368.

VAN WYCK, CHAS. H. (N. Y. and Neb.): b. 1824, d. 1895; adm. bar 1847; M. C. (N. Y.) 1859-1863; brig.-gen. in Union army 1864-1865; M. C. 1867-1871; Sen. (Neb.) 1881-1887; *in re* R. R. land grants, X. 257-258, 269.

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VARNUM, JOSEPH B. (Mass.): b. 1750, d. 1821; chief just. ct. gen. sessions; M. C. 1795-1811; Speaker 1807-1811; Sen. 1811-1817; Pres. Senate *pro tem.* 1813; on petition of fugitive freedmen, IV. 33.

VATTEL, EMRICH VON, Swiss jurist, authority on intern. law: b. 1714, d. 1767; many references to, *e. g.* II. 291, 294, III. 431, 432.

VERPLANCK, GULIAN C. (N. Y.): b. 1786, d. 1870; adm. bar 1807; M. C. 1825-1833; gov. N. Y. C. Hosp. 1823-1868; bill by, for reduction of tariff, XII. 70.

VEST, GEORGE G. (Mo.): b. 1830, d. 1904; mem. Confed. Cong. and Sen.; U. S. Sen. 1879-1903; on acquisition of territory, III. 248 *ss*; on polygamy, VIII. 457 *ss*; on dependent pension bill, IX. 280; on Sherman anti-trust law, XI. 52; on ship subsidies, XI. 206; on restriction immigration, XI. 270; on "original package" bill, XI. 403; on silver purchase, XIV. 276 *ss.*

VICKERS, GEORGE (Md.): b. 1801, d. 1879; adm. bar 1832; Sen. 1867-1873; on XVth Amend., VIII. 127, 128, 129.

VICTOR, ORVILLE J.: b. 1827, d. 1910; ed. Sandusky *Daily Register* and of *United States Journal*; his "Hist. of Southern Rebellion," I. xxv; on Seward's plea for Union, V. 426, 434.

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VINING, JOHN (Del.): b. 1758, d. 1802; adm. bar 1772; del. Cont. Cong. 1784-1786; M. C. 1789-1793; Sen. 1793-1798; on postal affairs, X. 133.

VOLSTEAD, ANDREW J. (Minn.): b. 1860; adm. bar 1883; M. C. 1903—; on reciprocity with Can., XII. 437, 438.

VOORHEES, DANIEL W. (Ind.): b. 1827, d. 1897; adm. bar 1851; M. C. 1861-1866, 1869-1873; Sen. 1877-1897; on compensated emancipation, VI. 168; on conscription, VI. 307 *ss*; on reconstruction, VII. 350; signs minority report on tariff reduction, XII. 257; reports Wilson tariff bill, XII. 322; on silver purchase, XIV. 280, 282, 283; quoted, XIV. 364; reports amend. to repeal of silver purchase act, XIV. 393.

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WADE, BENJAMIN F. (O.): b. 1800, d. 1878; adm. bar 1828; pres. 3rd judicial ct. O. 1847-1851; Sen. 1851-1869; on com. to investigate San Domingo, III. 45; elected Sen., IV. 256; on Kan.-Neb. bill, IV. 272, 289 *ss*, 295; on concliliation bill, V. 343, 344, 359 *ss*; opposes Lincoln's plan of reconstruction, VII. 263; intro. bill for equal male suf., VIII. 9 *ss*, 27 *ss*; in succession to Presidency, IX. 64, 81, 86.

WAITE, MORRISON R. (O.): b. 1816, d. 1888; adm. bar 1839; mem. Geneva Comm'n 1871; Chief Justice 1874-1888; on *Ala.* claims, II. 445; on Const., quoted, III. 252.

WALBRIDGE, HIRAM (N. Y.): b. 1821, d. 1870; adm. bar 1842; M. C. 1853-1855; on polygamy, VIII. 424.

WALKER, FRANCIS A. (Mass.): b. 1840, d. 1897; brig.-gen. in Union army 1865; chief of bur. stat. Treas. Dept. 1869; comm'r Indian affairs 1871-1873; pres. Mass. Inst. Tech. 1881-1897; mem. internat. monetary comm'n, XIV. 140.

WALKER, FREEMAN (Ga.): b. 1780, d. 1827; adm. bar 1802; Sen. 1819-1821; on slavery, IV. 63.

WALKER, ISAAC P. (Wis.): b. 1813, d. 1872; adm. bar 1841; Sen. 1848-1855; on extending Const. to Terr., IV. 170, 171, 180.

WALKER, JOHN G., ADMIRAL (N. H.): b. 1835, d. 1907; grad. Annapolis 1856; commander 1866; chief of navigation 1881; command Pacific squadron 1894; on value of Hawaii, quoted, III. 173, 174; investigates canal routes, III. 357.

WALKER, JOSEPH H. (Mass.): b. 1829, d. 1906; M. C. 1889-1899; on annex. of Hawaii, III. 200, 209, 210; on ship subsidies, XI. 164; on McKinley tariff, XII. 272, 279, 280, 283; on Wilson tariff, XII. 312; on Dingley tariff, XII. 344; on silver purchase bill, XIV. 276.

WALKER, MARY E. (N. Y.): b. 1832; M. D. 1885; first woman army surgeon; founder of dress reform; petitions Congress *in re* woman suf., VIII. 343.

WALKER, ROBERT J. (Miss.): b. 1801, d. 1869; adm. bar 1822; Sen. 1835-1845; Sec. Treas., 1845-1849; appt. gov. Kans. 1857, V. 105; resigned 1858; financial agent to Europe 1863-1864; Seward on, V. 176; report by, on tariff, XII. 77, 78, 379; Justin S. Morrill on, XII. 83; on Sub-Treas. bill, XIII. 151 *ss*; on relations of paper and specie, XIII. 122 *ss.*

WALKER, RYAN: cartoons by, X. 332, 333; XI. 357, 367, 371.

WALPOLE, ROBERT, SIR: Brit. prime min.: b. 1676, d. 1745; refuses to tax America, I. 13.

WALSH, MICHAEL (N. Y.): b. 1810, d. 1859; published *Knickerbocker* until stopped for libel; M. C. 1853-1855; on "Know-Nothings," VII. 159; on polygamy, VIII. 417.

WALSH, ROBERT (Mo.): b. 1784, d. 1872; ed. *Am. Rev. Hist. of Politics* 1811-1817; ed. *American Register* 1817-1819; ed. *National Gazette* 1819-1836; U. S. Consul at Paris 1845-1851; letter of James Madison to, quoted, IV. 64.

WALTHALL, EDWARD C. (Miss.): b. 1831, d. 1898; adm. bar 1852; maj.-gen. C. S. A. 1864; Sen. 1885-1894, 1895-1898; opposes interstate commerce commission bill, X. 341-343.

WARD, ELIJAH (N. Y.): b. 1816, d. 1882; adm. bar 1843; M. C. 1857-1859, 1861-1865; 1875-1877; on reciprocity with Can., XII. 429, 430.

WARD, HAMILTON (N. Y.): b. 1829, d. 1898; M. C. 1865-1871; att.-gen. N. Y. 1879; justice st. sup. ct. 1891-1898; on com. to draft articles of impeachment against Pres. Johnson, IX. 89.

WARFIELD, ETHELBERT D. (Ky.): b. 1861; practiced law Ky. 1886-1888; pres. and prof. hist. Miami U. 1888-1891; pres. and prof. hist. Lafayette Coll. 1891—; intro. by, V. 1 *ss.*

WARNER, JOHN DEWITT (N. Y.): b. 1851; adm. bar 1876; M. C. 1891-1895; vote by, for single tax, XII. 408.

WARNER, SAMUEL L. (Ct.): b. 1829, d. 1893; adm. bar 1852; M. C. 1865-1867; accuses Pres. Johnson of usurpation, VIII. 44.

WARNER, WILLARD (Ala.): b. 1826, d. 1906; maj.-gen. Union army 1865; Sen. 1868-1871; on annex. of San Domingo, III. 13; on woman suf., VIII. 118; on Southern outrages, VII. 167.

WARREN, JOSEPH, DR. (Mass.): b. 1741, d. 1775; physician; oration by, on Boston Massacre, I. 78; killed at Bunker Hill.

WASHBURN, CADWALADER C. (Wis.): b. 1818, d. 1882; M. C. 1855-1861; maj.-gen. Union A. 1862; M. C. 1867-1871; gov. Wis. 1872-1874; on purchase of Alaska, II. 406, 410 *ss*; presents minority report on concil. seceded States, V. 439.

WASHBURN, ISRAEL (Me.): b. 1813, d. 1883; adm. bar 1834; M. C. 1851-1861; gov. Me. 1861-1862; in anti-Neb. meeting, IV. 315; on Kan. contested election, IV. 325 *ss.*

WASHBURNE, ELIHU B. (Ill.): b. 1816, d. 1887; adm. bar 1839; M. C. 1853-1869; apptd. Sec. State, resigned to accept mission to France 1869-1877; election of, to Cong., Douglas on, V. 148; mem. comm'n on reconstruction, VII. 307.

WASHINGTON, BUSHROD (Va.): b. 1762, d. 1829; just. U. S. Sup. Ct. 1789-1829; pres. of Nat. Coloniz. Soc., IV. 99.

WASHINGTON, GEORGE (Va.): b. 1732, d. 1799; lieut.-col. 1754; commander-in-chief Colonial forces 1755-1758; del. 1st and 2nd Cont. Congresses 1774-1775; commander-in-chief Cont. A. 1775-1783; del. conv. 1787; Pres. 1789-1797; del. to Const. Conv., I. 3, 4, 6; in Va. assembly, I. 84; on controversy with G. B., I. 97, 98; apptd. on com. of Colonial defence, I. 163; address on appointment as commander-in-chief, I. 168, 169; invests Brit. in Boston, I. 171; on necessity of a permanent gov't, I. 262; on failure of Confederation, I. 268, 276, 277; letters of Jay to, I. 278; elected ch. Const. Conv., I. 285; letter of Madison to, I. 289; letter of, to Hamilton, I. 319, 320; in Const. Conv., I. 360, 361; on relations with France, II. 6, 7; on Jay's Treaty, II. 33; on Const. provision for treaties, II. 46 *ss*; Farewell Address by, II. 58 *ss*; quoted, III. 15, 16; apptd. lieut.-gen. of army by Pres. Adams, II. 85; J. Randolph on, I. 154, 159; quoted on non-intervention, II. 285, 287; quoted on foreign relations, II. 295, 296, 299, 300; cited III. 116; Sen. Hoar on, III. 151, 152; Champ Clark on, III. 207; Justin S. Morrill on, III. 233; John M. Clayton on, III. 344; James Barbour on, IV. 38; Thomas Corwin on, IV. 152; Calhoun on, IV. 200, 201; approval by, of act to enforce Ordinance of 1787, cited, V. 248, 249, 255, 263; in Whisky Insurrection, V. 382, 414; *in re* martial law, VI. 90, 98; on negro soldiers, VI. 231; on obedience to Const., VI. 273; eulogy of, by Lazarus W. Powell, VI. 347; on naturalization, VII. 8; orders of, quoted, VIII. 253; advocate of canals, X. 3; on State rights, X. 220; ref. to, XII. 62; on public

credit, XIII. 8; approves bill establishing Nat. Bank, XIII. 34; quoted, XIV. 91.
WASHINGTON, JOHN A., 2ND, COL. (Va.): owner of Mt. Vernon; capt. by John Brown, V. 189.
WASHINGTON, JOSEPH E. (Tenn.): b. 1851; M. C. 1887-1897; votes for single tax, X. 70.
WATTERSON, HENRY (Ky.): b. 1840; newspaper correspondent; served in C. S. A.; ed. Louisville *Courier-Journal;* M. C. 1876-1877; Champ Clark on, III. 200; introd. on Lincoln by, VI. 1 *ss*; *in re* Hayes-Tilden contest, IX. 102; ref. to, XII. 363; caricature of, IX. 103.
WAYLAND, JULIUS A.: Socialist; establishes *The Coming Nation*, XI. 352.
WAYNE, JAMES M. (Ga.): b. 1790, d. 1867; adm. bar 1810; judge sup. ct. Savannah 1824-29; M. C. 1829-35; Assoc. Jus. Supr. Ct. 1837-67; his decision in Dred Scott case, IV. 383; Sen. Foraker on, III. 282.
WEAVER, ARCHIBALD J. (Neb.): b. 1843, d. 1887; adm. bar 1869; judge 1st judic. dist. Neb. 1875-1883; M. C. 1883-1887; *in re* R. R. regulation, X. 357.
WEAVER, JAMES B. (Ia.): b. 1833, d. 1912; brig.-gen. Union army 1864; dist. att. 2nd judic. dist. Ia. 1867-1873; M. C. 1879-1881, 1885-1889; mayor of Colfax, Ia.; cand. of People's party for Pres. in 1892; ref. to, XIV. 236.
WEBSTER, DANIEL (N. H. and Mass.): b. 1782, d. 1852; adm. bar 1805; M. C. (N. H.) 1813-1817, (Mass.) 1823-1827; Sen. 1827-1841; Sec. of State 1841-1843; Sen. 1845-1850; Sec. of State 1850-1852; reconstruction by, of, debate on Dec. of Ind., I. 193 *ss*; on Jefferson and Dec. of Ind., I. 200; on war with Gt. Brit., II. 210 *ss*; on recognition of Greek ind., II. 249 *ss*; apptd. Sec. of State, II. 265; on recognition of Hungarian ind., II. 265, 266; on admission of Tex., II. 350, 351; quoted on *Carolina* affair, II. 437; on Monroe Doctrine, quoted, III. 53; Champ Clark on, III. 207; quoted, III. 239; Vest on, III. 251; on U. S. Terr., cited, III. 303; John M. Clayton on, III. 322; on Ore. boundary, II. 314, 315; on freedom of mails, IV. 129, 130; res. by, on war with Mex., IV. 143, 144; on slavery, IV. 160 *ss*, 164, 165; on extension of Const. to territories, IV. 170 *ss*, 180; on slavery and Union, IV. 204 *ss*; incurs enmity of anti-slavery faction, IV. 224, 225; Joshua R. Giddings on, IV. 230, 231; advises proc. on Fugitive Slave law, IV. 238; remarks of Calhoun to, quoted, IV. 249; defence of Fugitive Slave law by, IV. 256; on Fed. compact, V. 15; in debate with Hayne on "consolidation" and "nullification," V. 36 *ss*; ref. to, I. xv., X. 9 *ss*; on nullification, V. 98 *ss*; on slavery, quoted, V. 224, 225; on nature of Fed. Gov't, cited, V. 389, 392; remark by, on Andrew Jackson, V. 404; Watterson on, VI. 1, 4; on right of blockade, quoted, VI. 86, 87; on guarantees of liberty, IX. 3; on western territory, X. 114-115; suggests Fed. aid to transportation enterprises, X. 159; on State monopolies, X. 221, 222; *in re* Dartmouth College case, X. 268; on tariff of 1816, XII. 24; on tariff of 1824, XII. 42 *ss*; on tariff of 1833, XII. 74 *ss*; on effect of nat. bank on currency, XIII. 56 *ss*; on renewal of charter of U. S. Bank, XIII. 82 *ss*; on Jackson's veto of U. S. Bank bill, XIII. 86; on specie payments for public lands, XIII. 113; opposes Treasury notes, XIII. 127; on Sub-Treas. bill, XIII. 154 *ss*; refuses to resign as Sec. of State, XIII. 180; quoted, XIII. 198, 202; ref. to, XIII. 426, XIV. 342; death of, IV. 259; portrait of, V. frontispiece; caricatures of, II. 335; IV. 220, 225, 238, 258; V. 78; XIII. 181. See also WEBSTER-ASHBURTON TREATY in Index II.
WEBSTER, PELATIAH (Pa.): b. 1725, d. 1795; economist; ref. to, I. xxvii.; on bills of credit, 270; plan of Const. by, I. 270, 271; on defects of Confederation, I. 272, 273; vital issues discussed by, I. 273, 274; comparison of adopted const. with that proposed by, I. 274 *ss*.
WEED, THURLOW (N. Y.): b. 1797, d. 1884; ed. Onondaga *Daily Republican* 1821-1823; ed. Rochester *Telegraph* 1823-1830; ed. Albany *Evening Journal* 1851-1865; a founder of Repub. party, constantly declining office; Albert G. Brown on, V. 213; attack on, by Vallandigham, VI. 296.
WEITLING, WILHELM: b. 1808, d. 1871; on Socialism, XI. 351.
WELCH, ADONIJAH S. (Fla.): b. 1821, d. 1889; adm. bar 1847; Sen. 1868-1869; Pres. Ia. State Agri. Coll. 1869-1883; on intelligence of African race, VIII. 140, 141, 142.
WELLER, JOHN B. (Cal.): b. 1811, d. 1875; M. C. 1839-1845; served as col. in Mex. War; Sen. 1852-1857; gov. Cal. 1858-1860; min. to Mex. 1860-1861; *in re* Pacific R. R. subsidy, X. 163-4, 165-6, 196-8.
WELLES, GIDEON (Ct.): b. 1802, d. 1878; comptroller of Ct. 1835-1836, 1841-1843; Sec. of Navy 1861-1869; approves capture of Confed. commissioners, II. 378, 379; his position on reconstruction, VII. 272; "swinging round the circle," VII. 460.
WELLING, JAMES C. (D. C.): b. 1825; ed. *Nation's Intelligencer;* pres. St. John's Coll. 1867-70; prof. *belles lettres* Princeton 1871; pres. Columbian Univ. 1872—; on Ky. res., V. 7.
WELLS, DAVID A. (N. Y.): b. 1828, d. 1898; on Cong. revenue comm'n 1864; app. special comm. of revenue 1866; on N. Y. taxation comm'n 1870; on N. Y. canal comm'n 1877; ref. to, XII. 133; tariff policy of, XII. 146.
WELLS, WM. H. (Del.): b. 1769, d. 1829; mem. gen. ass. 1795-1797; U. S. Sen. 1799-1804, 1813-1817; on La. Purchase, II. 104.
WESTCOTT, JAMES D. (Fla.): b. 1802, d. 1880; adm. bar 1824; Sec. Fla. Terr. 1830-1834; U. S. atty. middle dist. Fla. 1834-1836; served in Terr. house of rep. 1832; Sen. 1845-1849; on war with Mex., II. 348.
WEYLER, Y. NICOLAU, MARQUIS OF TENERIFFE, GEN.: b. 1838; commander-in-chief Spanish army in Cuba; sent to quell Cuban insurrection, III. 100, 101; barbarities of, III. 118; caricature of, III. 100.
WHEELER, CHARLES K. (Ky.): b. 1863, d. 1912; adm. bar 1880; M. C. 1897-1903; on annex. of Hawaii, III. 182.
WHEELER, EDWARD JEWITT (N. Y.): b. 1859; ed. *The Voice* 1884-1898; ed. *The Literary Digest* 1895-1905; ed. *Current Literature* (now *Current Opinion*) 1905—; plans "Great Debates in American History," I. xv.
WHEELER, JOSEPH, GEN. (Ala.): b. 1836, d. 1906; grad. West Point 1859; senior cavalry gen. Confed. A. 1864; brig.-gen. U. S. A. 1900; M. C. 1881-1882, 1883, 1885, 1900; on ship subsidies, XI. 138; XI. 142; on Mills tariff bill, XII. 240; on Dingley tariff, XII. 332.
WHITE, ALEXANDER (Va.): b. 1738, d. 1804; del. N. C. to Cont. Cong. 1786-1788; M. C. 1789-1793; on regulation of slave trade, IV. 18.
WHITE, ANDREW D. (N. Y.): b. 1832, 1st pres. Cornell Univ. 1867-1885; min. to Ger. 1879-1881; min. to Russia 1892-1894; ambass. Ger. 1897-1902; on comm'n to investigate San Domingo, III. 45.
WHITE, CHILTON A. (O.): b. 1826, d. 1900; in Mex. war; adm. bar 1848; M. C. 1861-1865; on conscription, VI. 284 *ss*.
WHITE, EDWARD D. (La.): b. 1845; in C. S. A.; adm. bar 1868; asso. jus. sup. ct. La. 1878; Sen. 1891-94; Asso. Just. Sup. Ct. U. S. 1894-1910; Chief Jus. 1910—; on preferential duties, quoted, III. 463; vote by, on income tax, XII. 409.
WHITE, HUGH L. (Tenn.): b. 1773, d. 1840; judge of state sup. ct. 1801-1807; U. S. dist. att. 1808; judge sup. ct. 1809-1815; Sen. 1825-1840; on Jackson's veto of U. S. Bank bill, XIII. 87 *ss*.
WHITE, JOHN (Ky.): b. 1805, d. 1845; M. C. 1835-1845; judge 19th judicial dist. Ky.; as Speaker, IV. 131.
WHITE, SAMUEL (Del.): b. 1770, d. 1809; Sen. 1801-1809; on conquest of La., II. 92 *ss*.
WHITEFIELD, JOHN W. (Kans.): chosen del. to Cong., IV. 318; leads pro-slavery band against Ossawatomie; election of, declared illegal, IV. 324; retains his seat, IV. 332.
WHITEMAN, MARK, on value of Alaska, II. 405, 406.
WHITMER, DAVID, expelled from Mormon Church, VIII. 402.
WHITNEY, HENRY C. (Ill.): friend and biographer of Lincoln; on speech of Lincoln at Cooper Union, V. 245, 246.
WHITNEY, WM. C. (N. Y.): b. 1841, d. 1904; lawyer; corp. counsel N. Y. City 1875; Sec. Navy 1885-89; quoted on ship subsidies, XI. 103; mgr. Dem. campaign 1892.
WHITTIER, JOHN GREENLEAF (Mass.): b. 1807, d. 1892; poet; sec. Am. Anti-Slavery Soc., IV. 102; poem by, on "departed glory" of Webster, ref. to, IV. 225; on slavery, quoted, VI. 368; VIII. 228.
WHYTE, WILLIAM P. (Md.): b. 1824, d. 1908; adm. bar 1846; compt. and treas. Md. 1853-1855; Sen. 1868-1869; gov. Md. 1871-1874; Sen. 1875-1881; mayor of Balt. 1881-1882; att.-gen. Md. 1887-1891; Sen. 1906-1908; opposes gov't R. R., X. 237-240.
WICKLIFFE, CHARLES A. (Ky.): b. 1788, d. 1869; adm. bar 1809; M. C. 1823-1833; lieut.-gov. Ky. 1836; gov. Ky. 1839; Postmaster-Gen. 1841-1845; secret ambassador Tex. 1845; M. C. 1861-1863; in debate on Fug. Slave bill, VI. 126; on compensated emancipation, VI. 168 *ss*; on negro soldiers, quoted, VI. 242; nomin. of, for gov., discussed, VI. 341, 344, 355, 356.
WICKLIFFE, ROBERT C. (La.): b. 1874, d. 1912; served during Span.-Amer. War 1898; dist. att. 24th judicial dist. La. 1900-1902; M. C. 1909-1912; on corporation tax, XII. 400, 401.
WIGFALL, LOUIS T. (Tex.): b. 1816, d. 1874; twice state Sen.; Sen. 1859-1861; in C. S. A.; on secession, V. 314 *ss*; on Conciliation Bill, V. 345 *ss*; on Lincoln's inaugural, VI. 30 *ss*; motion for expulsion of, 37.
WILCUS, SIDNEY D., DR.: on woman suf., VIII. 397.
WILKES, CHARLES: b. 1798, d. 1877; naval cartographer; commodore 1862; rear-admiral 1866; capture of Confed. commissioners by, II. 378, 380, 384 *ss*.
WILKES, JOHN, Eng. statesman: b. 1727, d. 1797; on the American war, I. 223, 224; caricature of, I. 222.
WILKINS, WM. H. (Pa.): b. 1779, d. 1865; adm. bar 1801; pres. common council Pittsburgh 1816-1819; pres. judge 5th judicial dist. Pa. 1821-1824; judge U. S. dist. ct. western Pa. 1824-1831; Sen. 1831-1834; min. to Russia 1834-1835; M. C. 1843-1844; Sec. War 1844-1845; maj.-gen. Pa. home guard 1862; reports bill for enforcement of revenue laws, V. 92; speech by, on bill, V. 92, 93.
WILKINSON, JAMES: b. 1757, d. 1825; col. in Rev.; in "Conway cabal"; in plot to estab. repub. on lower Miss. R.; becomes commander-in-chief U. S. A. 1796; gov. La. 1805; acquitted of treason in Burr's conspir. 1811; in War of 1812; discharged from service; violates writ of *habeas corpus*, cited, VI. 79.
WILLEY, WAITMAN T. (W. Va.): b. 1811, d. 1900; adm. bar 1833; Sen. 1863-71; on slavery in D. C., VI. 138 *ss*; vote by, on compensated

emancipation, VI. 188; ref. to, VII. 175; on equal male suf., VIII. 17 *ss*, 25 *ss*; on XVth Amend., VIII. 130.
WILLIAM I., EMPEROR OF GERMANY, WILHELM I.: b. 1797, d. 1888; crowned King of Prus. 1861; crowned Emp. of Ger. 1871; decides Canadian bound. dispute (San Juan) in favor of U. S., II. 444, 447.
WILLIAMS, DAVID R. (S. C.): b. 1776, d. 1830; M. C. 1805-1809, 1811-1813; brig.-gen. U. S. A. 1813-1814; gov. S. C. 1814-1816; intro. bill to increase army, II. 185.
WILLIAMS, GEORGE H. (Ore.): b. 1823, d. 1910; judge 1st judicial dist. Ia. 1847-1852; chief justice terr. Ore. 1853, 1857; Sen. 1865-1871; U. S. Att.-Gen. 1872-1875; mayor of Portland, Ore., 1902-1905; mem. Joint High Commission, II. 444; mem. reconstruction comm., VII. 306; on equal suf., VIII. 27, 28; on military reconstruction, VIII. 54; on XVth Amend., VIII. 120, 154; on tenure office, IX. 12, 15, 16, 33, 38.
WILLIAMS, JAMES R. (Ill.): b. 1850; county judge White county 1882-1886; M. C. 1889-1895, 1899-1905; on ship subsidies, XI. 140.
WILLIAMS, JOHN (N. Y.): b. 1807, d. 1875; mayor N. Y. 1853; M. C. 1855-1857; city treas. 1871-1875; on peace res., II. 76.
WILLIAMS, JOHN SHARP (Miss.): b. 1854; M. C. 1893-1909; minority leader; Sen. 1911——; on Hawaii, quoted, III. 188; on Hay-Pauncefote treaty, III. 362, 363, 379, 380; supports R. R. rate regulations, X. 477-81; on Dingley tariff, XII. 340 *ss*.
WILLIAMS, ROBERT (N. C.): b. 1768, d. 1836; M. C. 1797-1803; gov. Miss. Terr. 1805-1809; on deportation of aliens, VII. 28.
WILLIAMS, THOMAS (Pa.): b. 1806, d. 1872; adm. bar 1828; M. C. 1863-69; on reconstruction, VII. 222; manager of impeachment Pres. Johnson, IX. 90.
WILLIAMSON, HUGH (N. C.): b. 1735, d. 1819; surgeon-gen. N. C. troops 1779-1782; del. Cont. Cong. 1782-1785, 1787-1788; M. C. 1789-1793; in Const. Conv., I. 333; vote by vs. slavery in N. W. Terr. cited, V. 247; on cod-fisheries bill, XI. 113.
WILLIARD, GEORGE (Mich.): b. 1824, d. 1901; M. C. 1873-1877; ed. Battle Creek *Journal*; app'd on monetary commission, XIV. 75.
WILLIS, ALBERT S. (Ky.): b. 1843, d. 1897; adm. bar 1866; M. C. 1877-1887; special comm'r to Hawaii, III. 170, 177, 178; on restricting Chinese immigration, XI. 219, 227.
WILLIS, BENJAMIN A. (N. Y.): b. 1840, d. 1886; adm. bar 1861; col. in Union army; M. C. 1875-1879; on Hayes-Tilden elec. IX. 107-114.
WILLISTON, E. B.: compiler of American orations, I. xviii.
WILMOT, DAVID (Pa.): b. 1814, d. 1868; adm. bar 1834; M. C. 1845-1851; author of Wilmot Proviso; pres. judge dist. ct. Pa. 1853-1861; Sen. 1861-1863; judge U. S. Ct. of Claims 1863; on slavery, IV. 134 *ss*; defeated in election for Speaker, IV. 182. See also WILMOT PROVISO in Index II.
WILSON, BENJAMIN (W. Va.): b. 1825, d. 1901; adm. bar 1848; mem. state const. conv. 1861; M. C. 1875-1883; ass. att.-gen. U. S. 1885-1893; on nat. banks, XIII. 235; on coin certificates, XIV. 51.
WILSON, HENRY (Mass.): b. 1812, d. 1875; Sen. 1855-1873; Vice-Pres. U. S. 1872-1875; on assault on Sumner, IV. 352, 353; on John Brown affair, V. 204 *ss*; bill by, against return of fug. slaves, VI. 124; bill by, abol. slavery in D. C., VI. 131, 132, *ss*; in debate on bill, VI. 145 *ss*; report by, on bill for negro soldiers, VI. 245, 246; bill by, for military draft, VI. 280 *ss*; speech on bill, VI. 281; Voorhees on, VI. 310, 311; on abolition of slavery, VI. 366 *ss*; introd. civil rights bill, VII. 307; on equal suf., VIII. 25 *ss*, 34; on military reconstruction, VIII, 57; on Pres. Johnson's third message, VIII. 80, 83; on manhood suff., VIII. 99, 158; introduces bill in Senate giving women right to vote and hold office in Terr., VIII. 335; on tariff of 1857, XII. 95 *ss*; caricature of, VII. 307.
WILSON, JAMES (Pa.): b. 1742, d. 1798; adm. bar 1767; del. Cont. Cong. 1775-1778, 1782-1783, 1785-1787; sig. Dec. of Ind.; del. state const. conv.; associate just. U. S. Sup. Ct. 1789-1798; delegate to Const. Conv., I. 4; speech by, in vindication of the colonies, I. 150 *ss*; in debate on Confed., I. 241, 242, 246, 319 *ss*, 323, 324, 327, 333, 334, 338, 339, 341, 357, 361; on slavery, quoted, IV. 64.
WILSON, JAMES F. (Ia.): b. 1828, d. 1895; adm. bar 1851; mem. const. conv. Ia. 1856; M. C. 1861-1869; Sen. 1883-1895; on civil rights, VII. 406; on military reconstruction, VIII. 59; chm. judiciary com. (1867), IX. 57; *in re* impeachment Pres. Johnson, IX. 66, 71, 89, 90; on "original package," XI. 402, 404.
WILSON, JOHN M.: b. 1837; grad. West Pt. 1860; col. in Union army; supt. West Pt. 1889-93; chief engrs. 1897-1901; brig.-gen.; mem. coal strike com'n, ref. to, XI. 335.
WILSON, WM. L. (W. Va.): b. 1843, d. 1900; in C. S. A.; pres. W. Va. Univ. 1882-1883; M. C. 1883-1895; chm. Ways and Means; Postmaster-Gen. 1895-1897; pres. Washington & Lee Univ. 1897-1900; on Mills tariff bill, XII. 236 *ss*; tariff bill by, XII. 286 *ss*; in debate on bill, 286 *ss*, 320 *ss*; ref. to, XII. 324 *ss*; intro. bill to repeal silver purchase act, XIV. 289; on silver purchase repeal, XIV. 386 *ss*, 388; caricature of, XII. 287, 323.
WILSON, WOODROW (N. J.): b. 1856; pres. Princeton Univ. 1902-1910; gov. N. J. 1911-1912; Pres. U. S. 1913; introd. by, on reconstruction, VII. 1 *ss*; on recall of judges, IX. 542.
WINANS, JAMES J. (O.): b. 1818, d. 1879; judge ct. common pleas O. 1864-1869; M. C. 1869-1871; on tariff for protection, ref. to, XII. 139; on Schenck bill, 140; ref. to, 141.
WINDOM, WILLIAM (Minn.): b. 1827, d. 1891; M. C. 1859-1869; Sen. 1870-1881; Sec. Treas. 1881; Sen. 1881-1883; Sec. Treas. 1889-1891; quoted, XIV. 211; ref. to, IV. 272.
WINSLOW, JOHN A. (N. C.): b. 1811, d. 1873; app. midshipman 1827; capt. *Kearsarge* 1862; rear-admiral 1870; destroys *Alabama*.
WINTHROP, ROBERT C. (Mass.): b. 1809, d. 1894; adm. bar 1831; M. C. 1840-1842, 1842-1850; Sen. 1850-1851; on annex. of Tex., II. 338 *ss*; defeated in election for Speaker, IV. 182.
WIRT, WM. (Md.): b. 1772, d. 1834; Atty-Gen. U. S. 1817-1829; counsel for Cherokee nation, VIII. 275.
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ERRATA

IN TEXT CORRECTED IN INDEXES

Vol. I. p. v, line 7, TOWNSEND should be TOWNSHEND.
p. vii, line 9, RAMSEY should be RAMSAY.
p. 35, line 6, THEODORIC BLAND should be RICHARD BLAND.

Vol. II. p. 336, line 16, FREDERICK T. FRELINGHUYSEN should be THEODORE FRELINGHUYSEN.

Vol. III. p. iii, line 16, YULE should be YULEE.

Vol. IV. p. 8, line 28, LAWRENCE should be LAURANCE.
p. 159, line 15, W. JOHNSON should be HERSCHELL V. JOHNSON.
p. 284, line 6, PINCKNEY should be PINKNEY.
p. 318, line 6, WHITFIELD should be WHITEFIELD; same correction on p. 324, line 4 from bottom, and p. 332, line 6.
p. 336, line 14 in synopsis, EDMUNSON should be EDMUNDSTON; same correction on p. 357, line 7 from bottom, p. 358, lines 2 and 9, p. 362, line 19.

Vol. V. p. 78, line 7 from bottom, THOMAS CLAYTON should be AUGUSTINE S. CLAYTON.
p. 434, line 3 from bottom, THOMAS should be THOMSON.
p. 438, line 1, ADRIAN should be ADRAIN.

Vol. VII. p. iii, lines 19 and 33, JOHN ALLEN (KY.) should be (CT.); same correction on p. 20, line 4 in synopsis, p. 21, line 7, p. 56, line 2 in synopsis, and line 2 from bottom.

Vol. VIII. p. 13, line 7, ARCHBALD should be ARCHIBALD.

Vol. IX. p. 13, line 19, *expected* should be *excepted.*
p. 132, line 3, CLARKSON should be POTTER.

Vol. X. p. iii, line 9, WILLIAM C. DAWSON (GA.) should be JOHN L. DAWSON (PA.); same correction on p. 7, line 7 in synopsis, and p. 10, line 19.
p. 7, line 10 in synopsis, RICHARD I. BOWIE should be RICHARD J.; same correction on p. 10, line 23.

Vol. XII. p. iii, line 10, JONATHAN PARKER (VA.) should be JOSIAH PARKER; same correction on p. 8, line 5 in synopsis, and on p. 9, line 23.
p. iv, line 32, SAMUEL S. MARSHALL (IA.) should be (ILL.); same correction on p. 123, line 5 in synopsis, on p. 124, line 5, and on p. 139, line 26.
p. vi, line 16 from bottom, JACOB H. ELA (N. Y.) should be (N. H.); same correction p. 403, line 2 in synopsis, and p. 404, line 19.

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